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PROCEEDINGS
OF
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING
LAWS AND REGULATIONS.
1903,
WITH INDEX.

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Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 55 Vict., c. 14).

The Council met at Government House, Calcutta, on Friday, the 30th January, 1903.

PRESENT:

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.
His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.
His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.
The Hon'ble Mr. T. Raleigh, C.S.I.
The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.
The Hon'ble Major-General Sir E. R. Elles, K.C.B.
The Hon'ble Mr. A. T. Arundel, C.S.I.
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.
The Hon'ble Mr. Gopal Krishna Gokhale.
The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidya Vinodha Avargal, Rai Bahadur, C.I.E.
The Hon'ble Mr. L. P. Pugh.
The Hon'ble Sayyid Husain Bilgrami.
The Hon'ble Rai Bahadur B. K. Bose, C.I.E.
The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Darbhanga.
The Hon'ble Sir M. C. Turner, Kt.
The Hon'ble Mr. G. C. Whitworth.
The Hon'ble Mr. R. F. Rampini.
The Hon'ble Mr. G. F. T. Power.
The Hon'ble Rai Sri Ram Bahadur.
The Hon'ble Mr. A. W. Cruickshank, C.S.I.
His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.
The Hon'ble Mr. C. W. Bolton, C.S.I.

NEW MEMBERS.

The Hon'ble MR. WHITWORTH, the Hon'ble MR. POWER, the Hon'ble RAI SRI RAM BAHADUR, the Hon'ble MR. CRUICKSHANK, HIS HIGHNESS AGHA SIR SULTAN MUHAMMAD SHAH, AGHA KHAN, and the Hon'ble MR. BOLTON took their seats as Additional Members of Council.

*ELECTRICITY; PROVIDENT FUNDS (AMENDMENT);
PROBATE AND ADMINISTRATION.*

[*Mr. Arundel; Sir Denzil Ibbetson.*] [30TH JANUARY, 1903.]

INDIAN ELECTRICITY BILL.

The Hon'ble MR. ARUNDEL moved that the Bill to make better provision for facilitating and regulating the supply and use of electrical energy for lighting and other purposes be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Sir Edward Law, the Hon'ble Mr. Gokhale, the Hon'ble Mr. Bilgrami, the Hon'ble Sir Montagu Turner, the Hon'ble Mr. Cruickshank and the mover. He said:—"This Bill, which I had the honour to introduce into the Council last February, has been freely criticised by those to whom it has been referred. A good many suggestions and amendments on matters of detail have been received and will be considered in Select Committee."

The motion was put and agreed to.

PROVIDENT FUNDS (AMENDMENT) BILL.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill further to amend the Provident Funds Act, 1897, be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Sir Edward Law, the Hon'ble Mr. Arundel, the Hon'ble Sir Montagu Turner, His Highness the Agha Khan, the Hon'ble Mr. Bolton and the mover.

The motion was put and agreed to.

PROBATE AND ADMINISTRATION BILL.

The Hon'ble SIR DENZIL IBBETSON moved for leave to introduce a Bill to empower District Judges in certain cases to grant Probates of Wills and Letters of Administration having effect throughout British India. He said:—"The object of the proposed legislation is fully set forth in the Statement of Objects and Reasons, and it will be sufficient if I briefly explain to the Council the origin of the proposal.

"Some eighteen months ago, it was brought to the notice of the Government of India, both by articles in the public Press and by letters from private individuals, that the present state of the Probate law involved a distinct hardship to the poorer class of widows, orphans and others who succeed to small estates. Under that law, probate may be granted either by the District Judge or by the High Court. But a probate granted by the former takes effect only within the province to which he belongs; so that, if ever so small a portion of the estate is situated outside that province, it becomes necessary to take out probate in

[30TH JANUARY, 1903.] [*Sir Denzil Ibbetson; Sir Montagu Turner.*]

the High Court in order to give it effect all over India. This provision, it was stated, is often unknown or overlooked, with the result that a poor widow (for instance) goes to considerable trouble and expense in taking proceedings before the District Judge, only to find that the orders obtained do not cover the whole of the small estate to which she is succeeding. The particular case cited in illustration was the very common one in which a man residing, say, in the Punjab, insures his life under a policy, taken out indeed at a Punjab office, but payable only in one of the Presidency-towns. In such a case, no probate granted by a Punjab District Judge would cover the amount of the policy.

“The proposal put before the Government of India was that all probates granted by District Judges should take effect all over India, just as do those granted by High Courts. This was clearly too wide. But it was thought that, within certain moderate limits, and subject to reasonable precautions, extended effect might be given to the District Judge’s order, as it is given within such limits, in England, to the similar order of a County Court Judge. Local Governments and High Courts were accordingly consulted on this proposal, and very generally approved of it, while suggesting certain precautions which have been embodied in the Bill. The real danger to be guarded against is the absence of general publicity which attends the proceedings of District Judges. But the narrow limits within which the present proposals are confined, and the provision that the citation which the law prescribes is to be published by all District Judges within whose jurisdiction any portion of the assets is situated, will, it is believed, sufficiently safeguard the interests of those concerned.”

The motion was put and agreed to.

The Hon’ble SIR DENZIL IBBETSON introduced the Bill.

The Hon’ble SIR DENZIL IBBETSON moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

INDIAN TEA CESS BILL.

The Hon’ble SIR MONTAGU TURNER moved for leave to introduce a Bill to provide for the levy of customs-duty on Indian tea exported from British India, and to amend section 5 of the Indian Tariff Act, 1894. He said:—

"My Lord, this Bill is the outcome of action taken by the Committee of the Indian Tea Association, commencing in December, 1900, with correspondence with the Government of Bengal and culminating in a petition addressed to Your Excellency in March, 1902, signed by a very large number of tea-garden proprietors and others representing an acreage of tea of 416,000 acres as against the total area under cultivation in British India of 520,000 acres. The memorialists prayed that legislation might be introduced whereby an export-duty on Indian tea would be levied, the proceeds of this tax to be devoted to pushing the sale and increasing the consumption of Indian tea in foreign countries.

"In acknowledging the memorial, the Government of India pointed out that the request was both novel and unusual, but that it would be granted if it was shown to the satisfaction of Government that the tea industry was substantially of one mind, and that no weighty or widely entertained objections were received. It is quite true, as described in the Resolution referred to, that the request for compulsory legislation for self-taxation from any body of producers is both novel and unusual; but I contend that the circumstances have justified both the making of the request by the petitioners and the consent of the Government of India to legislate. The justification is the necessity for extending the consuming markets of tea, grown in British India, the production of which has for the time being outrun the demand. The tea industry is quite a sound one. It is an industry which demands and obtains the sympathetic consideration of Government, and I believe it will, before many years have passed, re-assume its former flourishing condition.

"It might reasonably be argued that payment of the tea cess should be purely voluntary. But this, as you are aware, my Lord, has been tried without sufficient success to justify its continuance. At no time did the whole industry subscribe as it should have done, and latterly there were indications that in due time the voluntary fund would become extinct. The cause of this decrease in subscriptions was perhaps indifference on the part of some proprietors and dissatisfaction on the part of those who subscribed for the benefit of their more selfish (or less enterprising) neighbours. The Committee who had the management of these funds were hampered in their action by the smallness of the funds and the uncertainty as to the continuance of the subscriptions. For to be successful the efforts made to capture foreign markets must be persistent and continuous. Spasmodic ventures in foreign countries result in no permanent benefit to the trade. Furthermore, it has been proved by experience

[30TH JANUARY, 1903] [Sir Montagu Turner.]

in Ceylon that the imposition of such a compulsory tax as is now proposed can be entirely successful.

"In 1893, to provide funds for making a suitable exhibit of Ceylon tea to the Chicago Exhibition, a cess of 10 cents. on every 100 lbs. tea exported was, at the request of the planters, levied by Government and set apart for that particular purpose, *viz.*, expenditure at the Chicago Exhibition. This proved so successful that the levy of the cess was repeated in the following year and raised to 20 cents. per 100 lbs. for the purpose of increasing the consumption of Ceylon tea in foreign lands. The system is still in force, but the cess has been raised from 20 to 30 cents. per 100 lbs.

"To prove the success of the system in Ceylon the following figures may be quoted:—

"In 1896, foreign markets took $12\frac{1}{2}$ per cent. of the Indian crop; in 1900, 17 per cent.; in 1901, 18 per cent.; in 1896, foreign markets took $21\frac{1}{2}$ per cent. of the Ceylon crops; in 1900, 33 per cent.; in 1901, 40 per cent. The result has been that the amount expended from 1895 to 1901 has been some 18 lakhs of rupees devoted to the exploiting of foreign markets.

"In the Bill which I am about to introduce, it is proposed that a cess at the rate of $\frac{1}{4}$ of a pie per lb. shall be levied on all tea produced in British India when exported by sea to any foreign port, or when exported by land to any territory to which the provisions of section 5 of the Indian Tariff Act, 1897, may apply. The Bill if passed will be in force for five years, to be extended to a further term if Government, on the recommendation of the Committee, shall so direct, and the proceeds of the tax, which will be collected (as in the case of other export taxes) by Government agency, will be made over month by month to the Tea Cess Committee of twenty members, who will be a most representative and reliable body possessing the entire confidence of the contributors to the Fund. Finally, the expenditure of the Committee will be subject to an annual Government audit."

The motion was put and agreed to.

The Hon'ble SIR MONTAGU TURNER introduced the Bill.

The Hon'ble SIR MONTAGU TURNER moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

[*Sir Edward Law.*] [30TH JANUARY, 1903.]

MADRAS COAST-LIGHTS BILL.

The Hon'ble SIR EDWARD LAW moved for leave to introduce a Bill to authorize the levy of dues on vessels for the provision of lights on the coast of the Province of Madras. He said :—" The object of this Bill is to authorize the levy of dues on vessels for the provision of lights on the coast of the Province of Madras. An extensive and costly scheme of light-house construction and illumination has been undertaken, and it is proposed to meet the cost by levying dues on vessels, of the burden of thirty tons and upwards, deriving benefit from the lights. The *maximum* rates at which the dues may be levied are specified in the schedule annexed to the Bill, and are subject to reconsideration. The rates at which the dues will be levied will be fixed by the Government, subject to these *maxima* as ultimately settled, and will be so fixed from time to time as to meet the interest on capital outlay, maintenance charges, and a small sinking fund charge."

The motion was put and agreed to.

The Hon'ble SIR EDWARD LAW introduced the Bill.

The Hon'ble SIR EDWARD LAW moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the Fort St. George Gazette, the Bombay Government Gazette, the Calcutta Gazette and the Burma Gazette in English and in such other languages as the Local Maritime Governments think fit.

The motion was put and agreed to.

The Council adjourned to Friday, the 13th February, 1903.

CALCUTTA ;
The 2nd February, 1903. }

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Friday, the 20th February, 1903*.

PRESENT:

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale.

The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidia Vinodha Avargal, Rai Bahadur, C.I.E.

The Hon'ble Mr. L. P. Pugh.

The Hon'ble Sayyid Husain Bilgrami.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Sir M. C. Turner, Kt.

The Hon'ble Mr. G. C. Whitworth.

The Hon'ble Mr. R. F. Rampini.

The Hon'ble Mr. G. F. T. Power.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. A. W. Cruickshank, C.S.I.

His Highness Raja Sir Surindar Bikram Prakash Bahadur, K.C.S.I., of Sirmur.

His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.

The Hon'ble Mr. C. W. Bolton, C.S.I.

NEW MEMBER.

HIS HIGHNESS RAJA SIR SURINDAR BIKRAM PRAKASH BAHADUR of Sirmur took his seat as an Additional Member of Council.

* NOTE.—The meeting of Council which was fixed for the 13th February, 1903, was subsequently postponed to the 20th *idem*.

*WORKS OF DEFENCE; PORTS; REPEALING AND
AMENDING.*

[*Major-General Sir Edmond Elles; [20TH FEBRUARY, 1903.]*
Sir Edward Law; Mr. Raleigh.]

INDIAN WORKS OF DEFENCE BILL.

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES moved that the Bill to provide for imposing restrictions upon land in the vicinity of works of defence in order that such land may be kept free from buildings and other obstructions be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Sir Denzil Ibbetson, the Hon'ble Mr. Gokhale, the Hon'ble Mr. Bilgrami, the Hon'ble Mr. Cruickshank, His Highness the Raja of Sirmur and the mover.

The motion was put and agreed to.

INDIAN PORTS (AMENDMENT) BILL.

The Hon'ble SIR EDWARD LAW moved that the Bill further to amend the Indian Ports Act, 1889, be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Rai Bahadur P. Ananda Charlu, the Hon'ble Sir Montagu Turner, the Hon'ble Mr. Bolton and the mover.

The motion was put and agreed to.

REPEALING AND AMENDING BILL.

The Hon'ble MR. RALEIGH moved for leave to introduce a Bill to facilitate the citation of certain enactments, to amend certain enactments and to repeal certain other enactments. He said:—"This is one of the Bills which we present to Council from time to time in pursuance of the necessary work of statute-law revision. It is usual in the case of these Bills to dispense with the Committee stage, and I propose to move that the present Bill may be passed into law before we leave Calcutta. The Bill itself is short; the schedules are long and elaborate. As the main object of this enactment is to prepare the way for a new edition of the Bengal Provincial Code, the schedules are mainly the work of the Bengal Legislative Department, which has a high reputation for accuracy.

"As Your Lordship is aware, a Provincial Code is a compilation, divided into Parts containing (1) such of the old Regulations as are in force in the Province, (2) local Acts of the Governor General in Council, (3) Regulations made for any part of the Province under the Government of India Act, 1870, and (4) Acts of the Local Legislative Council. Each Part is arranged chronologically. The contents of each volume are edited; repealed provisions are omitted, and amendments are indicated in the text or in the notes. It must be admitted that it is somewhat misleading to call a compilation of this kind a Code. For the

[20TH FEBRUARY, 1903.] [Mr. Raleigh.]

word 'Code' suggests, in the first place, a systematic arrangement, and the volumes to which I refer are merely chronological collections. And, in the second place, the word 'Code' suggests an authoritative statement of the law, and these Provincial Codes are not authoritative. They are issued from our Legislative Department, but not under the direct sanction of the Legislature. It is therefore not surprising to find that lawyers make little use of them, and prefer to work with copies of the Acts and Regulations on which they are founded.

"The criticisms passed upon the Codes led me to consider whether it might not be possible to arrange them on some kind of principle, and to make them the basis of a complete body of Revised Statutes, such as several British Colonies already possess. The Government of India took a tentative step in this direction by proposing to the Government of Bengal that the new Provincial Code should be arranged, not in chronological order, but under subject-headings. After some discussion this proposal was accepted; the completed work is now almost ready; and I am disposed to think that the new Code will be accepted as an improvement on its predecessor. But the work, valuable as it is, represents to my mind only a transition stage. I doubt whether we can justify the expenditure of money and official time on these compilations unless we are prepared, sooner or later, to give them legislative authority. Before that can be done, the work of our draftsmen must of course be revised and approved by a Committee of Council. I have not had an opportunity of dealing practically with this matter; but I venture to commend it to the attention of all who desire to make our statute-law intelligible to those who are required to administer or to obey it.

"According to practice, we take advantage of this Bill to make certain substantive changes in the law for the purpose of correcting errors and omissions in previous Acts. It is a recognized rule that no important change should be made in this way, and if any Hon'ble Member should think that any proposal of the nature referred to in paragraph 4 of the Statement of Objects and Reasons requires fuller discussion, I shall be glad to consider the point, and, if necessary, to make an alteration in the Bill before it is passed."

The motion was put and agreed to.

The Hon'ble MR. RALEIGH introduced the Bill.

The Hon'ble MR. RALEIGH moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in English in the Gazette of India and in the local official Gazettes.

The motion was put and agreed to.

INDIAN PAPER CURRENCY (AMENDMENT) BILL.

The Hon'ble SIR EDWARD LAW moved for leave to introduce a Bill further to amend the Indian Paper Currency Act, 1882. He said:—"The Bill is proposed to amend sections 16 and 17 of the Indian Paper Currency Act, 1882, so as (1) to declare five-rupee notes, issued from any town outside Burma, to be legal tender throughout British India except Burma, (2) to authorize the encashment of such notes at any office of issue in British India except Burma, and (3) to withdraw, in respect of sub-circle notes of any value exceeding five rupees, issued after the Bill is passed, the permission given by clause (b) of section 17 of the Act to require the encashment of such notes at a Presidency-town.

"The first two amendments are designed to facilitate an increase in the circulation of five-rupee notes, so as to admit of a larger portion of the Currency Reserve being held in gold or invested securities and to lessen the expense and inconvenience of transfers of coin from one Treasury to another.

"The object of the third amendment is to do away with the obligation imposed on the Government by the present law of providing cash for payment of future sub-circle currency notes exceeding five rupees at the Presidency-towns as well as in the sub-circles. This obligation makes it necessary to lock up a considerable portion of the Government balances which would otherwise be available for the general encashment of notes, and it is inexpedient that it should be maintained. A clause is inserted in the Bill to preserve the obligation intact in the case of notes issued before the passing of the Bill.

"The general aim in view is to encourage the circulation of paper currency, and it is thought that we can best attain that end by adopting, in the first instance, measures to render more popular the use of notes of the smallest denomination."

The motion was put and agreed to.

The Hon'ble SIR EDWARD LAW introduced the Bill.

The Hon'ble SIR EDWARD LAW moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

[20TH FEBRUARY, 1903.] [*Sir Edward Law.*]

INDIAN POST OFFICE (AMENDMENT) BILL.

The Hon'ble SIR EDWARD LAW moved for leave to introduce a Bill to amend the Indian Post Office Act, 1898. He said:—"All classes of postal articles exchanged between post offices in British India and Indian post offices established in Persia and Turkish Arabia are subject, under the Indian Post Office Act, 1898 (VI of 1898), to inland rules and rates of postage. It has, however, been decided that the Union rules and rates of postage should be made applicable to articles of private correspondence exchanged between British Indian post offices and Indian post offices in Persia and Turkish Arabia, or between Indian post offices in those countries; and the object of this Bill is to enact a clause which will enable the Governor General in Council to give effect to this decision by notification in the Gazette of India."

The motion was put and agreed to.

The Hon'ble SIR EDWARD LAW introduced the Bill.

The Hon'ble SIR EDWARD LAW moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in English in the Gazette of India and in the local official Gazettes.

The motion was put and agreed to.

The Council adjourned to Friday, the 27th February, 1903.

CALCUTTA: }
The 21st February, 1903. }

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, a & d 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Friday, the 27th February, 1903.

PRESENT :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale.

The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidia Vinodha Avargal, Rai Bahadur, C.I.E.

The Hon'ble Mr. L. P. Pugh.

The Hon'ble Sayyid Husain Bilgrami.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Sir M. C. Turner, Kt.

The Hon'ble Mr. G. C. Whitworth.

The Hon'ble Mr. R. F. Rampini.

The Hon'ble Mr. G. F. T. Power.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. A. W. Cruickshank, C.S.I.

His Highness Raja Sir Surindar Bikram Prakash Bahadur, K.C.S.I., of Sirmur.

His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.

The Hon'ble Mr. C. W. Bolton, C.S.I.

INDIAN ELECTRICITY BILL.

The Hon'ble MR. ARUNDEL presented the Report of the Select Committee on the Bill to make better provision for facilitating and regulating the

supply and use of electrical energy for lighting and other purposes. He said :—
“ My Lord, I beg leave to offer some explanatory remarks. In the Statement of Objects and Reasons which I laid before the Council with the Bill last year I said that legislation had been pressed upon the Government of India from various quarters and by the Governments of Bombay and Bengal in particular, and that the promoters of electrical enterprise would welcome the passing of a general Act, while one English firm had submitted a draft Bill for consideration.

“ The Bill I then introduced had been prepared after much consideration and criticism, and I referred especially to the assistance which I had received from the Hon'ble Mr. Ashton and from Mr. Meares, the Electrical Engineer to the Government of Bengal, and which has since been continued. Endeavour was made in framing the Bill to provide in the substantive law for conditions that are fixed and stable and in the rule-making powers for conditions that are liable to modification from time to time. A number of criticisms on the Bill were received during the year and the Select Committee have profited by them in the alterations they have introduced. The Council may desire to know the reasons for the more important of the changes.

“ In clause 4 (1) (a), instead of requiring the consent of the local authority before a license is granted and empowering the Local Government to dispense with that consent if refused, it is provided that the Local Government shall consult the local authority, consider its objections, if any, and that, should they consider the objections insufficient, they shall record their reasons and communicate them to the local authority. This change was introduced to obviate the fears of English capitalists that the right of veto by a local authority would, as in England, be practically final, for the Board of Trade never overrides it, and that the difficulties of obtaining a license would therefore be greatly increased.

“ Original clause 4 (1) (b), which provided that licenses might be granted subject to a time-limit, has been omitted.

“ It was open to two objections, first, to the detriment of the local authority, that the period fixed might be so long as to bar the local authority from the right of purchase for an unreasonable time, and second, to the detriment of the licensee, who, whether the time was long or short, might have to dispose of his property as scrap if the local authority or Local Government declined to purchase when the period expired. As the Bill now stands, all licenses will run for an indefinite time, but the local authority will have the right of purchasing the undertaking at the end of forty-two years and at intervals not exceeding ten years thereafter.

[27TH FEBRUARY, 1903.] [Mr. Arundel.]

*“ Clauses 5, 7 and 10.—*The terms of purchase of electrical undertakings have naturally attracted much interest. The object in view is on the one hand to attract capital, and on the other not to place so high a price upon the undertaking as to bar the local authority from purchase at the end of forty-two years, if it thinks fit. As the provisions stand, the price to be paid will be the fair market-value of the lands, buildings, works, materials and plant at the time of purchase but without any addition for compulsory purchase or good-will or profits. But, in case these terms should be found inadequate to attract capital, it will be open to the Local Government, with the previous sanction of the Governor General in Council, to vary the terms of purchase in such way and to such extent as may be recognized as necessary.

*“ Clause 7 (5).—*A new clause has been inserted to enable a local authority, instead of purchasing an undertaking, to arrange with the licensee to continue to work the undertaking on such terms as may be arranged. This may prove of advantage in cases where the local authority is diffident about working an undertaking itself. It may prove advantageous to the licensee, and cannot in any way be disadvantageous to him, as he can always say, ‘I prefer to be bought out or to work on until the next term of ten years or whatever it may be has expired.’

*Clause 26.—*It is now provided that disputes between licensees under the Electricity Act and telegraph authorities or licensees of telephone wires shall be referred for decision to the Governor General in Council instead of to the Local Government. This is because the Telegraph Department and licensees under the Indian Telegraph Act are under the Government of India and not under Local Governments.

*“ Clause 32.—*The Select Committee have accepted a proposal made in various quarters for the appointment of Advisory Boards. The Governor General in Council can appoint an Advisory Board for the whole of India, and each Local Government can appoint an Advisory Board for the Province or for a portion of a Province. The only duty imperatively laid upon such Boards if appointed is [clause 34 (3)] to report on the expediency of making any rule under the Act and as to the suitability of its provisions.

“ But power has been taken [clause 33 (2) (j)] to frame rules not only for the appointment of Advisory Boards, but also define their duties and regulate their procedure. The difficulties felt by Local Governments in disposing of electrical questions, in many of which expert knowledge is specially necessary, will, I have little doubt, lead to the early appointment of Advisory

[*Mr. Arundel; Sir Denzil Ibbetson.*] [27TH FEBRUARY, 1903.]

Boards in Provinces where electrical enterprise is making progress, and where experts can be found fitted to be members of the Boards. And, while it may be some time before rules can be made under the Act formally imposing additional duties upon the Boards, there will no doubt be many occasions when the Local Government will gladly avail themselves of the knowledge of Advisory Boards in regard to matters that may come up for decision.

"It has been asked, what is the owner, who works a private generating plant under Part III, to do, if he desires to supply some place outside his own premises with energy without taking out a license to supply the public. The answer is that he must arrange with the local authority or the owner of the land, as the case may be, for permission to put up any poles or lines to his destination, and he must of course conform generally to the provisions of the Act.

"It has also been asked how energy can be taken by a licensee from a generating station at some distance perhaps, to quote the analogy of the works at the Cauvery Falls in Mysore, at a great distance from the area to be supplied. The answer is that, if the public interests require it, the Government of India may (under clause 55) confer upon any licensee any of the powers possessed by a telegraph authority under the Indian Telegraph Act, 1885, with respect to the placing of lines and posts.

"*Clause 42.*—Saving clauses have been inserted to preserve the terms of licenses and agreements now in force for electric lighting and traction. It will of course be open to all holders of such licenses or agreements to apply for fresh licenses under the Electricity Act. On the one hand, they would gain the advantage that the life of their undertaking would be prolonged to forty-two years from the date of the new license. On the other hand, if their present sale clauses are more favourable than those provided in clause 5 (*b*) of the Bill, they might seek some further concession under the provisions of section 10 before deciding to apply for a new license under the Act."

PROVIDENT FUNDS (AMENDMENT) BILL.

The Hon'ble SIR DENZIL IBBETSON presented the Report of the Select Committee on the Bill further to amend the Provident Funds Act, 1897. He said :—"The Bill has been generally approved of by the authorities consulted. We have carefully considered the suggestions and criticisms on points of detail which we received, and have decided to leave the Bill as introduced substantially unaltered."

[27TH FEBRUARY, 1903.] [*Sir Edward Law; Sir Denzil Ibbetson;
Sir Montagu Turner.*]

INDIAN PORTS (AMENDMENT) BILL.

The Hon'ble SIR EDWARD LAW presented the Report of the Select Committee on the Bill further to amend the Indian Ports Act, 1889. He said:— "The Committee carefully considered the Bill and did not find it necessary to suggest any alteration in substance. They recommend that the Bill, in which only some slight formal changes have been made, be passed."

PROBATE AND ADMINISTRATION BILL.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill to empower District Judges in certain cases to grant Probates of Wills and Letters of Administration having effect throughout British India be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Sir Montagu Turner, the Hon'ble Mr. Cruickshank, His Highness the Agha Khan and the mover, with instructions to report within three weeks.

The motion was put and agreed to.

INDIAN TEA CESS BILL.

The Hon'ble SIR MONTAGU TURNER moved that the Bill to provide for the levy of customs-duty on Indian tea exported from British India, and to amend section 5 of the Indian Tariff Act, 1894, be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Sir Edward Law, the Hon'ble Rai Sri Ram Bahadur, the Hon'ble Mr. Bolton and the mover, with instructions to report within three weeks.

The motion was put and agreed to.

The Council adjourned to Friday, the 6th March, 1903.

<p>CALCUTTA; <i>The 2nd March, 1903.</i></p>	}	<p>J. M. MACPHERSON, <i>Secretary to the Government of India, Legislative Department.</i></p>
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Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Friday, the 6th March, 1903.

PRESENT :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale.

The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidia Vinodha Avargal, Rai Bahadur, C.I.E.

The Hon'ble Mr. L. P. Pugh.

The Hon'ble Sayyid Husain Bilgrami.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Sir M. C. Turner, Kt.

The Hon'ble Mr. G. C. Whitworth.

The Hon'ble Mr. R. F. Rampini.

The Hon'ble Mr. G. F. T. Power.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. A. W. Cruickshank, C.S.I.

His Highness Raja Sir Surindar Bikram Prakash Bahadur, K.C.S.I., of Sirmur.

His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.

The Hon'ble Mr. C. W. Bolton, C.S.I.

QUESTIONS AND ANSWERS.

His Highness THE AGHA KHAN, G.C.I.E., asked :—

“I. Will Government be pleased to state what proportion of the men in the Indian Army under the Command of the Lieutenant-Generals of Madras and

[His Highness the Agha Khan; Major-General [6TH MARCH, 1903.]
Sir Edmond Elles.]

Bombay are permanent inhabitants of the Madras and Bombay Presidencies and what proportion in each of the above-named armies are inhabitants of other parts of India?"

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES replied :—

"The latest available Caste-returns are those of 1902. From these it would appear :—

First, as regards Madras, that out of 28,734 men 15,586 are recruited from the Madras area, *i.e.*, from the Madras Presidency and the Central Provinces, a few only being from the latter. The 28,734 include the 8 Burma battalions (6,650 men) which have no connection with Madras, and Burma has now been formed into a separate command.

Second, as regards Bombay, out of 27,081 men 14,308 are from the Bombay area, including Rajputana and Central India, but three Regiments of Cavalry and five of Infantry are localised in Baluchistan and Sind, and have no connection with the Bombay Presidency proper; numbers of men are recruited from Rajputana, which is under the command of the Lieutenant-General, Bombay."

His Highness THE AGHA KHAN, G.C.I.E., asked :—

"II. Will Government be pleased to state the total number of the Imperial Service Troops, and also how many belong to the Cavalry, Infantry and Artillery, and how many to each of the various Special, Scientific and Army Supply Corps, and the total number of Native Officers serving with the Imperial Service Troops?"

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES replied :—

"According to the latest annual return (for the year 1901-1902) the total strength of the Imperial Service Troops stood at 17,403, made up as follows :—

Artillery	.	.	.	.	.	.	.	305
Cavalry	.	.	.	.	.	.	.	6,707
Camel corps	.	.	.	.	.	.	.	617
Infantry	.	.	.	.	.	.	.	7,141
Sappers	.	.	.	.	.	.	.	508
Transport	.	.	.	.	.	.	.	2,125

The above include 464 native officers and 2,110 native non-commissioned officers."

[6TH MARCH, 1903.] [*Major-General Sir Edmond Elles; Sir Denzil Ibbetson; Sir Montagu Turner; Mr. Raleigh.*]

INDIAN WORKS OF DEFENCE BILL.

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES presented the Report of the Select Committee on the Bill to provide for imposing restrictions upon land in the vicinity of works of defence in order that such land may be kept free from buildings and other obstructions. He said that he would reserve any observations in regard to the Report till the Bill came up for discussion.

PROBATE AND ADMINISTRATION BILL.

The Hon'ble SIR DENZIL IBBETSON presented the Report of the Select Committee on the Bill to empower District Judges in certain cases to grant Probates of Wills and Letters of Administration having effect throughout British India. He said:—"When I introduced this short Bill, I explained with some fulness the considerations which had led us to propose legislation. The main provision of the Bill, which gives District Judges power, within certain narrow limits, to grant probate covering property situated in other parts of India, has met with general approval from the authorities whom we have consulted, while I have received from private individuals gratifying testimony to the reality of the hardship which we are attempting to remedy, and to the value which is attached to the change that we propose.

"We have adopted a number of useful drafting suggestions which we have received from our critics; and have also taken advantage of the opportunity, after embodying in the present Bill such portions of two small Acts as relate to probate, to repeal them and so to consolidate the existing law on the subject. Finally, we have extended the powers at present enjoyed by High and Chief Courts to the highest Court of Civil Appeal in each Province."

INDIAN TEA CESS BILL.

The Hon'ble SIR MONTAGU TURNER presented the Report of the Select Committee on the Bill to provide for the levy of customs duty on Indian tea exported from British India, and to amend section 5 of the Indian Tariff Act, 1894. He said that he would reserve his remarks on the Report of the Select Committee until the Bill came under discussion.

REPEALING AND AMENDING BILL.

The Hon'ble MR. RALEIGH moved that the Bill to facilitate the citation of certain enactments, to amend certain enactments and to repeal certain other enactments be taken into consideration.

The motion was put and agreed to.

22 *REPEALING AND AMENDING; PAPER CURRENCY; POST
OFFICE.*

[*Mr. Raleigh; The President; Sir Edward Law.*] [6TH MARCH, 1903.]

The Hon'ble MR. RALEIGH moved that the Bill be passed. He said that no objection or criticism had been received regarding the measure.

The motion was put and agreed to.

INDIAN PAPER CURRENCY (AMENDMENT) BILL.

His Excellency THE PRESIDENT explained that the next motion, in the name of the Hon'ble Sir Edward Law, that the Bill further to amend the Indian Paper Currency Act, 1882, be taken into consideration, would stand over till next week, as it was proposed to make a slight change in the Bill.

INDIAN POST OFFICE (AMENDMENT) BILL.

The Hon'ble SIR EDWARD LAW moved that the Bill to amend the Indian Post Office Act, 1898, be taken into consideration.

The motion was put and agreed to.

The Hon'ble SIR EDWARD LAW moved that the Bill be passed.

The motion was put and agreed to.

The Council adjourned to Friday, the 13th March, 1903.

CALCUTTA; }
The 9th March, 1903.

J. M. MACPHERSON,
*Secretary to the Government of India,
Legislative Department.*

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Friday, the 13th March, 1903.

PRESENT:

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale.

The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidia Vinodha Avargal, Rai Bahadur, C.I.E.

The Hon'ble Mr. L. P. Pugh.

The Hon'ble Sayyid Husain Bilgrami.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Sir M. C. Turner, Kt.

The Hon'ble Mr. G. C. Whitworth.

The Hon'ble Mr. R. F. Rampini.

The Hon'ble Mr. G. F. T. Power.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. A. W. Cruickshank, C.S.I.

His Highness Raja Sir Surindar Bikram Prakash Bahadur, K.C.S.I., of Sirmur.

His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.

The Hon'ble Mr. C. W. Bolton, C.S.I.

QUESTIONS AND ANSWERS.

The Hon'ble MR. GOKHALE asked:—"Will Government be pleased to state what steps, if any, have been taken by the Government of India to

[*Sir Denzil Ibbetson; Mr. Gokhale.*] [13TH MARCH, 1903.]

give effect to the recommendations made by the last Famine Commission (presided over by Sir Antony MacDonnell) in paragraphs 232-235 of their Report in the matter of Famine Orphans ?”

The Hon'ble SIR DENZIL IBBETSON replied :—“ The recommendations in question have been unreservedly accepted by the Government of India ; and Local Governments have been directed to embody them in their Famine Codes, the revision of which is only awaiting the final decision of the Secretary of State upon certain questions of importance which have been referred to him.”

The Hon'ble MR. GOKHALE asked :—“ Will Government be pleased to state why the usual practice of publishing the Minutes of Evidence, recorded by important Commissions, has been departed from in the case of the last Famine Commission as also the Universities Commission. And in view of the fact that it is of great importance to the public—and especially to students of these questions—to have access to such valuable material, will Government be pleased to direct that the evidence recorded by these two Commissions be published at an early date ?”

The Hon'ble SIR DENZIL IBBETSON replied :—“ There are good reasons for which it has been found impossible to publish the evidence given before the Famine Commission of 1900, the Universities Commission, or the Irrigation Commission. The evidence offered to these Commissions consists of two parts, written and oral. The former includes an infinity of repetition ; while, owing to the difficulty of obtaining competent short-hand writers in India, it is almost impossible to record the latter *verbatim*, and, in the case of the Universities Commission, nothing but an abstract was attempted. The bulk of the evidence is enormous, its publication *in extenso* would be very costly and involve great delay, while the reproduction of selected portions only would be open to obvious objections. The recent inquiries have been conducted in public, representatives of the Press being at liberty to attend, and abstracts of the evidence have regularly appeared in the newspapers. Finally, some of the witnesses stipulate that their evidence shall not be published. For these reasons, the Government of India are unable to reconsider their decision in the matter.”

The Hon'ble MR. GOKHALE asked :—“ Will Government be pleased to state whether any communication has been received from the Secretary of State for India in regard to the Conference recommended by the President of the United States in the matter of the future of silver. If any such communi-

[13TH MARCH, 1903.] [*Sir Edward Law; Mr. Raleigh; Mr. Arundel.*]

cation has been received, will Government indicate to the Council the nature of its contents?"

The Hon'ble SIR EDWARD LAW replied :—"The Government of India have not received any communication from the Secretary of State on the subject, nor have they information as to any communication having been received by the British Foreign Office from the United States Government in connection with the matter."

CODE OF CIVIL PROCEDURE.

The Hon'ble MR. RALEIGH presented the Report of the Select Committee on the Bill to consolidate and amend the Law relating to the Procedure of the Courts of Civil Judicature. He said :—"Since November last this Committee has been sitting almost daily, and I hope that the improvements to be effected in our Civil Procedure may bear some proportion to the labour which my Hon'ble Colleagues have devoted to the subject. The difficulties of our task are indicated in the Report and in the notes of dissent which three Hon'ble Members have recorded. It is impossible, within the compass of a speech in Council, to give any adequate account of the changes which the Committee propose to make in the Bill as referred, or even to indicate the points which will have to be re-considered when the Bill is taken up again next winter. The Bill is now reported for republication only."

INDIAN ELECTRICITY BILL.

The Hon'ble MR. ARUNDEL moved that the Report of the Select Committee on the Bill to make better provision for facilitating and regulating the supply and use of electrical energy for lighting and other purposes be taken into consideration. He said :—"My Lord, in moving that the Electricity Bill be taken into consideration, I beg leave to offer a few observations on criticisms that have been received since I presented the Report of the Select Committee to this Council.

"*Clause 4 (2) (c).*—With reference to the failure of a licensee to proceed with his undertaking, the insertion of the words 'not being a local authority' has been objected to as likely to encourage local authorities to take out licenses and do nothing with them. This is said to have been a most fruitful source of evil and delay in England. The reason for the addition is that no local authority can take out or take over a license except with the previous consent of the Local Government which would have to be satisfied that the local authority

was in a proper position, financially and administratively, to work an electrical undertaking with success. There is therefore no question as to the status of the local authority as there is in the case of a private applicant, and no need to require a deposit or security. The Local Government in India exercises a much greater control over local authorities than the Board of Trade does in England, and there is no ground whatever for the apprehension expressed in the criticism.

" *Clause 13 (3).*—A limit of six weeks to a temporary aerial line is said to be insufficient. Arguments can be advanced for and against all arbitrary limits of time. The Select Committee consider that for a temporary aerial line erected as a makeshift in case of accident pending efficient repair or reconstruction of the regular supply line, six weeks is sufficient. There should be no difficulty in laying a temporary main which could be made permanent eventually.

" *Clause 39 (3) (b).*—This clause, which renders a licensee liable to fine if he fails to prevent any variation of pressure exceeding the limits prescribed by rules under the Act, is regarded with different feelings by the licensees and by the consumers.

" The licensee objects to be held responsible for a failure which he may not be able to prevent. The consumer, on the other hand, urges that when he once has electric fans and lamps in his house, his punkahs and kerosine lamps are removed, and if the electric energy fails, he is left helpless in darkness and in heat. It is alleged that failure of energy may be due to the licensee endeavouring to supply more houses than his generating apparatus and supply-lines justify. It has been thought necessary that the licensee who lies under a duty to the public should have the strongest inducement not to permit failure under any circumstances. The rules under the Act will lay down the permissible variation of pressure, and the Magistrate may be trusted to dispose of a vexatious or unreasonable prosecution in the way it deserves.

" *Clauses 3 (1) and 31 (1).*—The question has been asked why railways and certain classes of tramways are excluded from the Bill. The answer is that railways and tramways under the Railway Act may now be worked by any motive power, including electricity, and that the companies working them need not be required to take out licenses.

" *Clauses 5 (e) and 7 (2).*—It has been asked how a Local Government would proceed if it purchased an undertaking. The Local Government could not, if it acquired an undertaking, appropriately issue a license to itself. It is diffi-

[13TH MARCH, 1903.]

[Mr. Arundel.]

cult to forecast the future, but it seems improbable that Local Governments will need to use the powers of purchase in respect of any ordinary undertaking, or that any occasion for using them can arise for the next forty-two years, except by failure of a licensee. The power of purchase by the Local Government is one that it is desirable to keep in reserve for unforeseen eventualities.

" Clause 27.—It has been objected that clause 27 does not sufficiently safeguard the owner of a telegraph or telephone line. Licensees under the Telegraph Act can, if necessary, be further protected by a rule requiring a licensee to give notice to the owner of the telegraph or telephone line, or by executive order to the telegraph authority, to communicate to such person any notice he may have received from a licensee. The point will be considered in the framing of rules under the Act.

" Clauses 32 and 33.—It has been urged that all engineering and electrical technical matters arising out of the Act as well as out of the rules should necessarily be referred to an Advisory Board. It is only in Provinces where electrical undertakings are in progress that the necessary experts can be found to be members of an Advisory Board, and it was therefore necessary to make the provisions of the Bill permissive. I may say, however, that if the Bill is passed by this Council, an Advisory Board will be appointed as soon as it comes into effect, and I anticipate that every Local Government will appoint one as soon as the progress of electrical undertakings renders the need of expert advice apparent.

" Since I presented the Report of the Select Committee, a strong desire has been expressed by a number of firms interested in the Bill that it should be passed into law without further delay. The Act, when passed, however, cannot be allowed to come into effect until the rules under it have been framed. In order to meet the wishes of those interested in the matter, it has been arranged that, on the passing of the Bill by this Council, a Committee shall assemble, to consist I hope of the same gentlemen who will be appointed members of the Advisory Board as soon as the Act takes effect and thus secure continuity of action. This Committee will at once draw up rules under the Act, and, after the rules have been examined by the Government of India, they will, under the provisions of the General Clauses Act, be published for three months, and, as finally approved, will come into effect by notification at the same time as the Act itself. Any new rules, or any alteration of rules, that may be necessary, will then fall under the consideration of the Advisory Board."

The motion was put and agreed to.

[*Sir Edward Law; Sir Denzil Ibbetson.*] [13TH MARCH, 1903.]

with a question which is not immediately or necessarily connected with that of the introduction of the universal five-rupee note. I therefore am prepared to accept his amendment on behalf of Government, leaving the question which is now postponed to be dealt with in the Bill which we contemplate introducing for the general amendment of the Currency Act, at a future date—probably next session.”

The motion was put and agreed to.

The Hon'ble SIR EDWARD LAW moved that the Bill, as amended, be passed.

The motion was put and agreed to.

CENTRAL PROVINCES MUNICIPAL BILL.

The Hon'ble SIR DENZIL IBBETSON moved for leave to introduce a Bill to make better provision for the organization and administration of municipalities in the Central Provinces. He said :—“ My Lord, the Municipal Act at present in force in the Central Provinces was passed in 1889, or thirteen years ago. On the whole, it has worked satisfactorily; and it is not now proposed to make any radical changes in the municipal law and practice of the Province. But, as was to be expected, experience of its operation has disclosed certain defects and omissions which it is desirable to remedy or supply. It is proposed therefore to recast the present Act, and at the same time to introduce certain provisions taken from the municipal law of other Provinces, which have been found to work well in practice, and which are suited to the local conditions. It is, for instance, proposed to follow the example of several other Provinces, and provide for those small rural towns to which an elaborate municipal organization is unsuited a simple system of local taxation and sanitary control.

“ The Bill which I am about to ask leave to introduce contains no startling innovations, nor even any radical departure from the existing law. In many respects, indeed, provisions which are new so far as the law is concerned, simply reproduce already existing practice to which it is desirable to give direct legal sanction. As the marginal references will show, almost every section finds its counterpart in one or other of the existing Municipal Acts. Above all, it has been the aim of the drafters to keep the proposed law as simple as possible, since it will apply for the most part to towns of no great size or importance.”

The motion was put and agreed to.

[13TH MARCH, 1903.] [Sir Denzil Ibbetson.]

The Hon'ble SIR DENZIL IBBETSON introduced the Bill.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the Central Provinces Gazette in English and in such other languages as the Local Administration thinks fit.

The motion was put and agreed to.

VICTORIA MEMORIAL BILL.

The Hon'ble SIR DENZIL IBBETSON moved for leave to introduce a Bill to provide for the erection and management of the Victoria Memorial at Calcutta. He said :—" My Lord, Hon'ble Members will remember that just two years ago His Excellency the Viceroy presided at a public meeting in Calcutta which had been convened for the purpose of considering the best method of commemorating the life and reign of Her late Gracious Majesty Queen Victoria. At that meeting a subscription for this purpose was set on foot, and a Provisional Executive Committee was appointed to receive the money which might be collected.

" The Chiefs and people of India responded liberally to the appeal, and a sum of some 50 lakhs has already been promised. Meanwhile, it has been decided that the Memorial shall take the form of a stately Hall to be erected in Calcutta ; an architect of eminence is elaborating the design ; and the moment is approaching at which it will become necessary to apply to this purpose the funds which at present stand to the credit of an impersonal account upon which no one has authority to draw, and to proceed with the actual erection of the Monument.

" Till now the proceedings have been so far informal that they have rested upon no legal basis. It has now become necessary to provide by legislation for the vesting of the moneys which have been subscribed and of the building which is to be erected, in a legally constituted body of Trustees who shall have power to authorize the necessary expenditure. Two courses were possible : to vest the property in two or three gentlemen who should be appointed for the technical purposes of the trust, and to arrange outside the Act for the erection and management of the Memorial ; or, to constitute a larger and more representative body, with whom should rest both the technical property and the executive control. The latter is the course that has been adopted in the case of the British Museum in London and of our own Indian Museum in Calcutta, and it was felt that no better precedents could be followed. This, therefore, is the object of the Bill which I ask leave to introduce.

"Two only of the five clauses of which the Bill consists, appear to call for any comment from me. Clause 2 prescribes the constitution of the body of Trustees. It will consist of certain high officials, of two personages of high rank to be chosen by the Viceroy as representing the Chiefs and Nobles of India who have so liberally subscribed to the Memorial Fund, of the President and Chairman of the two bodies, most representative of the Calcutta community, and, under sub-clause (h), of a number of members to be nominated from time to time by the Trustees with the approval of the Governor General, who shall represent the general body of subscribers.

"When this body of Trustees is once fully constituted, it will fairly represent all the interests concerned. Should, however, the objection be taken that until the representatives who are to be nominated under sub-clause (h) have been appointed, the majority of the Trustees by whom they must be selected will be official, the answer to such a criticism, if any answer be required, is that no other course is really open to us. The only alternative would be that they should be appointed either by the Governor General or by the Government of India. This being so, it is unavoidable that the first selection should be made by an incomplete body constituted in the manner which I have just described. Of course, when the Trustees hold their first meeting for the purpose of this selection, due attention will be paid by them to the proper representation of all interests, and a preponderating claim will be possessed by those who have already so freely and generously given their services in the work hitherto undertaken in connection with the Memorial.

"The other provisions of the Bill which call for a word of comment are those of clause 5, which vest in the Governor General in Council the power of making rules to carry out the purposes of the Act. Here, again, no other course seems open to us. I think all Hon'ble Members will agree with me that the fewer formal rules we have, the better, since every such rule that is added to the number, *pro tanto* fetters the discretion and the freedom of action which it is essential that the main body of Trustees and its Executive Committees should enjoy. It is on this basis that the few simple rules which are appended to the Statement of Objects and Reasons have been framed. But it is impossible to say, until actual experience teaches us, exactly what rules will be required, or how any particular rule will work; and it is almost certain that, as soon as the actual building is begun, it will be found necessary to make alterations and additions in the present draft. So long as the rules are merely rules under an Act, this can be done at any moment. But it is impossible to be constantly tinkering a Statute.

[13TH MARCH, 1903.] [Sir Denzil Ibbetson; The President.]

"As for the draft rules themselves, they are not properly before the Council, being published merely in order that the public, who are so closely interested in the scheme to which their subscriptions are to be devoted, may see how it is proposed in the first instance to exercise the power conferred by clause 5 of the Bill. But I may perhaps say a word in explanation of rule 8, which prescribes that the Committees which the Trustees may appoint from among their number shall at least include a Building Committee. Even in the present preliminary stage, His Excellency the Viceroy has found it necessary to constitute a small body of this nature in order to assist and advise in the preparatory arrangements. And if some such body was needed then, it will be more than ever necessary when the actual work of erection is taken in hand. There will then be an infinity of small details to be settled with the architect, the engineer, and the various contractors, which can be promptly and effectively dealt with only by a small Committee of practical men, resident on the spot and keenly interested in the success of the undertaking. It will be impossible to define precisely the powers and duties of this Committee until the general scheme of operations has been decided upon by the Trustees. But, when that has once been done, it will be easy to add the necessary provisions to the rules."

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON introduced the Bill.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India and in the local official Gazettes in English. He said:—"The Bill is so simple that it is not thought necessary to refer it to a Select Committee, and I propose to ask the Council to pass it into law on the first convenient opportunity."

The motion was put and agreed to.

ADJOURNMENT OF COUNCIL.

His Excellency THE PRESIDENT:—"The next meeting of Council will be on Wednesday, the 18th instant, for the introduction of the Budget only. We shall then have a meeting on the Friday following for legislative purposes."

The Council accordingly adjourned to Wednesday, the 18th March, 1903.

J. M. MACPHERSON,

*Secretary to the Government of India,
Legislative Department.*

CALCUTTA; }
The 17th March, 1903. }

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14.)

The Council met at Government House, Calcutta, on Wednesday, the 18th March, 1903.

PRESENT :

- His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.
His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.
His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.
The Hon'ble Mr. T. Raleigh, C.S.I.
The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.
The Hon'ble Major-General Sir E. R. Elles, K.C.B.
The Hon'ble Mr. A. T. Arundel, C.S.I.
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.
The Hon'ble Mr. Gopal Krishna Gokhale.
The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidia Vinodha Avargal, Rai Bahadur, C.I.E.
The Hon'ble Mr. L. P. Pugh.
The Hon'ble Sayyid Husain Bilgrami.
The Hon'ble Rai Bahadur B. K. Bose, C.I.E.
The Hon'ble Sir M. C. Turner, Kt.
The Hon'ble Mr. G. C. Whitworth.
The Hon'ble Mr. R. F. Rampini.
The Hon'ble Mr. G. F. T. Power.
The Hon'ble Rai Sri Ram Bahadur.
The Hon'ble Mr. A. W. Cruickshank, C.S.I.
His Highness Raja Sir Surindar Bikram Prakash Bahadur, K.C.S.I., of Sirmur.
His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.
The Hon'ble Mr. C. W. Bolton, C.S.I.

FINANCIAL STATEMENT FOR 1903-1904.

The Hon'ble SIR EDWARD LAW introduced and explained the Financial Statement for 1903-1904. He said:—

“1. With Your Excellency's permission I will now lay before the Legislative Council the actual financial results of the year 1901-1902 ; our Revised

Estimate for 1902-1903; and our Budget Estimates for the coming financial year 1903-1904.

"2. In their briefest form, and leaving out Capital, Debt and Remittance transactions, the figures are as follows:—

		1901-1902 (Accounts).
		£
Revenue	.	76,344,525
Expenditure (charged against Revenue)	.	71,394,282
Surplus	.	4,950,243
		1902-1903 (Revised Estimate).
		£
Revenue	.	76,892,500
Expenditure (charged against Revenue)	.	74,154,000
Surplus	.	2,738,500
		1903-1904 (Budget Estimate).
		£
Revenue	.	76,355,400
Expenditure (charged against Revenue)	.	75,406,700
Surplus	.	948,700

"Accounts, 1901-1902.

"3. The final accounts of the financial year 1901-1902 show a surplus of £4,950,243, being an increase of £4,259,343 over the original Estimate which showed a surplus of £690,900.

"4. On the Expenditure side the accounts show a decrease of £106,718 as compared with the original Estimate, and of £479,518 as compared with our Revised Estimate.

"5. The more important figures contributing to this latter result are an increase of £134,225 under Other Public Works, and decreases of £365,369 under Army Services, of £43,088 under Famine Relief and Insurance, and of £35,318 under Miscellaneous Civil Charges, and of £144,690 under Provincial Surplus added to the Provincial balances and charged as expenditure. These items account for the greater portion of the total difference noted, although there are many minor differences under various heads which on balance more or less compensate one another. The increased expendi-

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ture under Other Public Works is due to unexpectedly heavy expenditure in the last two months of the financial year. The decrease under Army Services of £365,369 is mainly due to smaller payment of capitation rates to War Office, owing to absence of troops in South Africa, and refunds from the War Office on account of over-payments in previous years, and the decrease under Famine Relief of £43,088 to an under-estimate of the interest charge for the Bengal-Nagpore Railway, which is met from the "Famine Insurance Grant," whilst the saving in "Miscellaneous Civil Charges" is owing mainly to an over-estimate in England, more especially under the head of Superannuation Allowances and Pensions.

"6. On the Revenue side the heads under which the chief differences are observable between Accounts and the Revised Estimate are Land Revenue, a decrease of £181,882; Salt, a decrease of £57,390; Stamps, a decrease of £48,294; and Other Heads, a decrease of £54,991. Against these rather considerable decreases we have important increases under Receipts by Military Department, £72,389, and under Railways, £47,868. The result of these and other minor changes is an actual decrease of £202,175 of revenue as compared with the Revised Estimate of the year, and allowing for a decrease in expenditure of £479,518, the final result is an increase to the surplus of £277,343.

"7. The important decrease of £181,882 under Land Revenue is accounted for by suspensions and smaller recoveries of arrears in the Punjab, where the winter rains failed to some extent; also to the season having proved more unfavourable than was anticipated, in North Arcot, and in parts of the Ceded Districts in Madras; and to over-estimates of collections in Sind, and to a relatively small extent in the United Provinces.

"8. The decrease of £57,390 from Salt is mainly due to a decline in the trade at Sambhar at the end of the year, which is attributed to the spread of rumours of a possible reduction of duty.

"9. The falling-off of £48,294 in Stamps Revenue was mainly in the United Provinces and in Bengal. In the former plague appeared in March, and the passing of the Tenancy Bill in January appears to have diminished litigation. There were minor deficiencies in the Punjab, in Bombay, and in Madras, and it is possible that these may to some extent be attributed to the fact that the Easter holidays fell at the end of March.

"10. The decrease of £54,991 noted under Other Heads was chiefly in the Forest revenue, which fell short by £34,545. There was an extraordinary decline last year in the returns from Burma Forests; the floating season was bad, and there was a fall in the price of teak.

" 11. The increase of £72,389 under "Army Receipts" was in great part due to larger credits for Europe stores despatched to South Africa and China, and to greater sales of malt liquor than anticipated.

" 12. The increase in Railway revenues, amounting to £47,868 nett, was earned chiefly by the Great Indian Peninsula Railway by the carriage of favourable crops of cotton and oil-seeds.

" Revised Estimate, 1902-1903.

" 13. The Revised Estimate shows an anticipated increase over the Original Estimate of £2,522,100 under Revenue, and allowing for an increase (including Provincial surpluses and deficits) of £621,300 in expenditure, results in a total anticipated surplus of £2,738,500 as compared with the Budget Estimate which showed a surplus of £837,700.

" 14. This very large surplus is due to an increase of revenue in greater or less proportion under every principal head except Stamps, which shows a slight decrease of £6,200. The following are the principal differences between the Revised and Budget Estimates, giving, after allowing for some minor items, the total increase of revenue of £2,522,100 :—

	£
Land Revenue	698,400
Opium	274,300
Salt	66,700
Excise	257,300
Customs	286,700
Assessed Taxes	47,000
Interest	108,000
Post Office	57,900
Telegraph	51,500
Mint	351,900
Receipts, Civil Departments	49,400
Miscellaneous	42,400
Railways	77,000
Irrigation	138,300
Receipts, Military Department	31,400
TOTAL	2,538,200

" 15. The increase under Land Revenue which accounts for more than one-fourth of the total, is due to a favourable monsoon season and to the inclusion for the first time

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of the Berar revenues amounting to £480,000. The other principal increases making up the large total were—

	£
Burma	46,100
Madras	73,800
Bombay	141,400

The total amount anticipated to be realised during the closing financial year, excluding Berar, is higher than the average of the past six preceding years by a sum of more than three-fifths of a million sterling, and this notwithstanding remissions in districts specially affected by the recent famine amounting to the important sum of £504,300. This very satisfactory increase is indicative of general progress, and of the great strides towards recovery made by the impoverished peasantry of recently afflicted areas. It may be noted that the proportion of Land Revenue from irrigated lands, or due to irrigation, is estimated at £821,900, the increase over the figure of the preceding year being £8,503. Increases under this head are specially satisfactory as showing the value of our irrigation system. But, as I have before now pointed out, such increases are not directly indicative of the condition of the people, since, apart from increased returns from newly irrigated tracts, the greater the defect of rainfall, the greater the revenue from irrigation in those districts whose topographical situation has enabled us to provide them with water.

“16. The important increase under Opium is due to the obtaining of a higher price than estimated from sales, and to larger exports of Malwa Opium. In view of the rapidly falling market prices during the latter half of the last financial year, we assumed in our calculations for this year's sales a price of ₹1,150 per chest for Bengal Opium. In the early part of the year a continued decline in the market justified our anticipations, but in the later months there has been a fortunate recovery leading to the result now stated. The following figures illustrate the course of the market throughout the year:—

Average sale-price of Opium per chest during the financial year 1902-1903.

	₹	a.	p.		₹	a.	p.
April	1,178	2	10	October	1,135	13	1
May	1,074	13	7	November	1,169	5	7
June	1,108	2	1	December	1,128	9	1
July	1,100	11	6	January	1,149	12	2
August	1,140	4	1	February	1,154	11	7
September	1,132	1	0	March	1,262	5	1

“17. Beyond certain improved facilities of distribution favouring consumption, the increased returns from Salt can only be attributed to an improvement in the material

condition of consumers. The increase of £100,690, over the actuals of 1901-1902, is decidedly satisfactory, and it would have been larger but that we consider it necessary to allow for a loss of about £40,000 during the closing weeks of the year on account of the reduction in duty which comes into force immediately.

"18. Excise, which has been yielding a slow but steady increase of revenue during the past few years, has suddenly taken a great leap forward, the revenue for the closing year being estimated at more than £300,000 in excess of that for 1901-1902. This remarkable increase of over 7 per cent in a single year is undoubtedly due in part to better administration and more efficient preventive measures, but it is also due, and to a probably greater extent, to the improved condition of the people.

"19. Our Customs Revenue shows an increase under most of the important heads, the only serious exceptions being sugar and cotton goods. There has been some check in the importations of foreign petroleum, but there is no great cause for dissatisfaction at this, since such check is compensated by increased production of oil in Burma and Assam. The importation into Calcutta of petroleum from Burma increased by approximately $3\frac{1}{2}$ million gallons, or by some 25 per cent, during the eleven months terminating on March 1, 1903, as compared with the importation during the corresponding period in the previous year.

"20. The general importation of sugar shows a very considerable decline, but I much doubt whether this decline has been accompanied by any similar decline in consumption. The sugar market has been greatly perturbed by anticipations regarding the result of the Brussels Conference, and prices have varied considerably since last year. The prices quoted for refined beet sugar, last month, per cwt. in Bombay, were ₹10-13 as compared with ₹9-5 in March 1902, and the fluctuations in the interval have been considerable. Such uncertainties and fluctuations in prices must necessarily have affected the operations of importers, and although I am without precise information on the subject, I feel pretty sure that stocks of sugar in India must now be much lower than they were twelve months ago.

"Our returns from the countervailing duties on sugar have not only been received on a less volume of importations, but have also been affected by the changes introduced in our system of levying that duty under the Act passed in June 1902. The total received under countervailing duties for the first eleven months of the current financial year has amounted to only ₹17,05,000 as compared with ₹33,83,000 in the preceding year. In this connection I may recall that in the discussion on the Budget last March, one of the Hon'ble Members of this Council questioned the advisability of our taking so low a figure as 24 lakhs for returns from countervailing duties. The prudence of that estimate has, however, been more than justified by the event.

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"21. The duties on cotton manufactures, including all kinds, have also shown a falling-off, the receipts during the first eleven months of the current year amounting to ₹85,00,223 as compared with ₹96,65,320 in the immediately preceding corresponding period. It is only in the secondary category of white piece goods that a serious decline of importations has occurred, and in the much more important class of grey goods there has been an actual increase from ₹46,66,879 to ₹47,36,512. As regards the question of purchasing power for a staple article of consumption among the people, the relative falling-off in importations is compensated by an important increase in the output of local manufactures, as evidenced by the following figures showing the returns of excise dues levied in British India:—

Net total receipts of cotton excise dues.

	₹
1897-98	11,38,950
1898-99	13,53,120
1899-1900	13,09,514
1900-1901	11,62,947
1901-1902	17,16,836
1902-1903	17,42,000 (estimate for last two months);

"Various important articles of importation have shown satisfactory increases. Liquors give an increase of ₹4,54,382, copper of ₹3,03,623, and hardware and cutlery, of ₹1,04,341.

"22. Deducting silver, the increased importation of which has been due to special circumstances to which I shall again allude, and sugar, the importation of which has, as I have shown, been influenced by exceptional circumstances, it will be found that there is scarcely any difference between the total revenues which we estimate will be derived from Customs importations in the current year and in the year 1901-1902. In this connection I may observe that, whilst I hope that increasing general prosperity may continue to swell our Customs returns from certain articles which we shall necessarily continue to import from abroad, I am inclined to anticipate that the development of Indian resources and industries, particularly as regards supplying such important articles of common consumption as cotton goods, petroleum and sugar, will tend to check the recent somewhat rapid growth of Customs Revenue from imports.

"23. Under "Interest" the increase in receipts occurs mostly in England, and is due to the temporary investment of larger sums and to higher rates being obtained for them than was anticipated last March.

"24. In Assessed Taxes, consisting almost entirely of income-tax, the important increase of £47,000 must be considered satisfactory. It is, I fear, only by their

contributions as income-tax that a considerable section of the wealthier classes of the community make any adequate contribution towards the expenses of the administration of the State. It may be hoped that, with improved collection and control, income-tax will become a fair and important head of revenue.

"25. Both letter postage and money order receipts increased beyond the Budget Estimate, and together they contributed £47,300 out of the total increase of £57,900 under "Post Office," and this notwithstanding a loss of approximately £11,400 entailed by the reduction of the commission on money orders for sums not exceeding five rupees.

"26. The increase of £51,500 in Telegraph receipts is mainly due to the Budget Estimate providing for too large a reduction under foreign message revenue in view of the reduction of the tariff, whilst the cessation of hostilities in China has caused a smaller falling-off in receipts than was anticipated. "Receipts, Civil Departments" were swollen by the inclusion of Berar accounts from October 1st to the extent of £8,500 and by £26,100 from the employment of Royal Indian Marine vessels on Imperial service. Of the increase of £42,400 under "Miscellaneous," £6,100 is due to increase of receipts in England, and £10,900 to the inclusion of Berar revenues from October 1st. There is also an improvement of £36,900 in Exchange transactions with Guaranteed Railways. With regard to Railways, I explained in my last Financial Statement that we could not count for the continuance in the current year of the abnormal receipts of 1901-1902, and I regret to say that my anticipations have been realised, as our Revised Estimate is £199,568 below the actuals of 1901-1902. The net increase of the Revised over the Budget Estimate, *viz.*, £77,000, is relatively a small difference, considering the magnitude of the transactions involved, amounting to only '4 per cent. The increase of £138,300 under "Irrigation" occurred chiefly in the Punjab, United Provinces and Bengal, and is due to the irrigation of a larger area than was anticipated. The increase of £31,400 under Army Receipts is chiefly due to credits for the supply of stores to troops serving abroad.

"27. On the whole, we have every reason to congratulate ourselves on the important increase of revenue noted, and which is, in the main, due to a favourable agricultural season and to the steady recuperation of those provinces which have been so severely tried in the last few years.

"28. I now pass to the Expenditure side of the account, and it is satisfactory to be able to state that the total expenditure according to our Revised Estimate will be £802,900 less than the Original Estimate.

"29. In Army Services there has been a decrease of £509,200, but out of this large sum we must attribute some £479,500 to prolongation of the absence of troops in South

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Africa and China, and there were lapses of certain sanctioned grants which it was not found possible economically to employ in full, before the close of the financial year.

“30. The other heads under which important economies have been effected are Direct Demands on the Revenue £259,100, Interest £75,600, and Salaries and Expenses of Civil Departments £488,900. “Direct Demands on the Revenue” were reduced by £129,200 owing to the opium crop proving to be below the estimate which allowed for a full crop, and there was also a considerable decrease in charges connected with Land Revenue. Under “Interest” there was a large saving owing chiefly to a reduction in the sum estimated for discount and interest on the loan of 150 lakhs raised in India last summer. The decrease under “Salaries and Expenses of Civil Establishments” was largely due to the impossibility to profitably utilize during the financial year the special grants made for “Education,” “Medical,” “Police,” and “Justice.”

“31. On the other hand, we have a large apparent increase of expenditure under Mint, amounting to £299,600, due chiefly to a payment of £263,400 to the Gold Reserve Fund (being net profits on coinage) and to the recoinage of withdrawn rupees, and also to the coinage of dollars on private account, though on the latter we secure a small profit. Under “Miscellaneous Civil Charges” there is an increase of £258,500, of which £126,500 is due to the inclusion of Berar transactions from October 1st, whilst £66,300 is due to the remission of takavi advances in the Bombay Presidency, and £4,100 is for interest charges on guaranteed loans raised by Native States. The increase of £211,300 under “Railway Revenue Account” is due partly to the expense of increased traffic, but more largely to special expenditure on maintenance and renewals of permanent-way and bridges and on rolling-stock.

“32. Before considering the Estimates for the coming year, I think that I should say something with regard to the large surpluses over and above our Estimates during the last few years. It may be thought that our Estimates should have approximated more closely to results than has been the case, but as regards our Revised Estimate for the past year, it must be remembered that it includes the Berar accounts which were not included in our Original Estimate. I myself think that we should try to arrive at closer figures, and a serious endeavour has been made in this direction in the preparation of the Estimates for 1903-1904. I must, however, point out that an Indian Budget presents very special difficulties as regards accurate estimation. These difficulties arise from the dependence of our revenue on the good or bad fortune of the agricultural industry; this good or bad fortune is entirely dependent on the seasonableness and amount of rain during the year, and there is no possibility of foretelling how the elements may favour us. Land Revenue, which constitutes nearly one-fourth of our total resources, is naturally directly dependent upon the course of the season, and indirectly the same factor affects returns from Salt,

Excise, and Customs. That Excise returns are directly influenced by the fortunes of the agriculturist, may be clearly seen by noting the following figures showing the variations of Excise revenue in the Bombay Presidency during the last few years, and the manner in which the returns correspond with the better or worse fortune of the people, and were affected by the great recovery in 1901-1902:—

1898-99.	1899-1900.	1900-1901.	1901-1902.	1902-1903, Revised Estimates.
£	£	£	£	£
762,684	709,365	675,566	702,496	715,000
<i>Percentage of increase over preceding year.</i>				
4.5	-7.0	-4.8	4.0	1.8

Customs revenues too, depending so largely on the importation of cotton goods imported chiefly for the use of the peasantry, are affected by the conditions which make or mar their prosperity.

“33. Further, apart from climatic influences, the Customs returns have, for some years past, been affected by the variations in the countervailing duties on sugar, which there was no possibility of estimating beforehand. In addition to fluctuations under the above-mentioned important heads, our Opium revenue is, as is well known, a very uncertain factor in our revenue, and, further, during the last three years we have had unexpected windfalls through the movements of troops on the Indian Establishment, for foreign service, and through payments by the British War Office for stores and material supplied with those troops.

“34. I trust that the figures which I am now about to present will approximate more closely to results than has been the case with those of the year now drawing to an end, although, as I have shown, our Indian conditions do not admit of a really close estimation. We are bound to be prudent in our forecasts. If the elements are favourable, a greater or less expansion of revenue exceeding those prudent forecasts will certainly result, whilst, should the season unfortunately prove seriously unfavourable, a shrinkage will result which would completely change the situation, if the estimates were less cautiously framed.

“Remission of Taxation.

“35. The results of the last four financial years have shown the following surpluses estimated and realised:—

	£
1899-1900 (Accounts)	2,774,623
1900-01 Do.	1,670,204
1901-02 Do.	4,950,243
1902-03 (Revised Estimate)	2,738,500

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And these surpluses have been obtained notwithstanding the fact that the period under review commenced with a terrible famine, which unfortunately followed previous, though less severe catastrophes of the same nature. They afford the strongest evidence of the recuperative power of the country, and of the efficiency of the measures which have been taken by the Government in years past for its development.

“36. Last year at this season, when dealing with this question of surpluses, I stated that although confident of the future, we considered it prudent to see the results of yet another twelve months, before deciding as to the advisability and prudence of the remission of taxation on a large scale. The results of the closing financial year have been such as to confirm our confidence in the future, and it is now our special good fortune to be able to announce that after mature consideration, we feel ourselves justified for the first time since 1882 in deciding on important measures in the direction of remission of taxation.

“It is most gratifying to be able to make this announcement, both from the point of view of relief to the tax-payer, and from that of the accumulated evidence of the material welfare of the mass of the people.

“In view of the present satisfactory situation, it is the opinion of the Government of India that it is neither desirable, nor good financial policy to continue levying taxation at present rates, yielding such large recurring surpluses as have been realised during the last four years. It is true that our expenditure is necessarily increasing with the increasing development of the country, and some of our present sources of revenue do not show much sign of elasticity, but, for the present, our receipts are in excess of our needs, and even should it be necessary some years hence to seek the means of increasing revenue, we hold that we are not justified in continuing taxation at its present level during an interval which we trust may be prolonged.

“37. The question of the direction in which remissions of taxation might be made so as to afford the most direct relief in the most suitable manner, to the population at large, has occupied our most anxious attention, and we have finally decided to reduce the Salt Tax in India, exclusive of Burma, from Rs-8 per maund to Rs-2, and to exempt from Income Tax all incomes below one thousand rupees per annum.

“38. As regards the Salt Tax, in our opinion based on the most exhaustive inquiries, it does not, at its present rate, press hardly on the mass of the people, the actual impost per head being trifling. It is, however, paid in the main by those who can least afford to contribute anything, and we hope that the remission of even a trifling burden may prove a boon to the poorest class of tax-payers. Further, we hope that a reduction in

the salt duty combined with the progressive cheapening of the carriage of salt, by the development of communications, will lead to such greater consumption as will not only benefit the health of the people, but will also permit of the greater use of salt with profitable results, for cattle and in various processes of manufacture.

“ Finally, from the financial point of view, a reduction of the Salt Tax has a very special recommendation, in that it will provide a reserve which can be immediately and rapidly made use of by once more increasing the rate, should such exceptional misfortunes as war or disastrous famine suddenly create an abnormal strain on our resources. At present we have no such reserve as is provided by the conditions of the Income Tax in England, and from the financial point of view, it is of the highest importance that in such exceptional circumstances as I have indicated, and as might possibly arise, we should be in a position, without delay or complications, to add, say, at least one million sterling to our annual revenue.

“ 39. As regards the raising of the limit of exemption from Income Tax, we believe that the tax on incomes under a thousand rupees, is in the main paid by petty traders, by clerks in Commercial and Government offices, and by pensioners, who, small as is the present impost, feel it to be a severe burden. We are very glad to relieve a generally highly deserving class of the community of this burden, which weighs particularly heavily on widows and orphans in receipt of small pensions barely sufficing for the necessities of life. Moreover, we have reason to fear that it is in the lower categories of incomes that hardship is perhaps felt in the matter of inquisitorial proceedings on the part of assessors, who, possibly, sometimes fix assessments at unjustifiably high rates, and we hope by raising the limit of taxation to greatly reduce and simplify the work of assessment. I may add that a specially gratifying feature of the situation is, that although we feel ourselves justified in reducing our revenue returns by a sum approximating £1,393,000, as a result of the remissions of taxation on which we have decided, we are nevertheless able to estimate for receipts from revenue in the coming year, falling short by only £537,100 of the returns, according to our Revised Estimate, for the closing year.

“ Budget Estimates, 1903-1904.

“ 40. Our estimates of Receipts and Expenditure for the forthcoming financial year result in an anticipated surplus amounting to £948,700, as regards total Imperial revenue and expenditure ; but, it will be observed that to meet Provincial expenditure, Provincial balances will be drawn on to the extent of £1,383,500. I should mention, however, that provision has been made in the Budget for reconstituting such Provincial balances as will require assistance, so that the full minimum may be in hand at the close of the coming financial year. Such assistance will be given to the Central Provinces, Punjab, and Bombay. The remaining Provinces will hold balances showing an aggregate excess over minimum fixtures, amounting to £438,600.

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"REVENUE.

"41. The principal items of estimated increase in revenue as compared with the Revised Estimate of 1902-1903 are as follows:—

	£
Land Revenue.	621,200
Stamps	75,000
Excise	127,500
Railways	306,900
Receipts, Military Department	119,000

"42. The above with minor increases result in a total anticipated increase of revenue amounting to £1,291,700.

"43. The increase in Land Revenue is principally in Bombay, where £378,200 is due to a return to more normal conditions, whilst it is estimated that an enhancement of £100,400 will occur in Burma, owing mainly to the revision of settlements in Upper Burma. £61,000 is the increase due to Berar.

"44. £28,000 of the increase in Stamps is due to the inclusion of Berar accounts and it is estimated that the returns in Madras will exceed by £18,700 those in the current year.

"45. We estimate that a further improvement over the high Excise returns realised in the current year will yield an additional £46,700 in Bengal and the United Provinces and £33,300 in Burma, whilst £43,300 of the total anticipated increase is due to the inclusion of Berar accounts.

"46. The increase of £306,900 in Railway Revenue is mainly attributable to anticipated considerable improvement in coal traffic on the Bengal-Nagpore Railway, and moderate increases are allowed for on the East Indian, the Rajputana-Malwa, and the Burma Railways.

"47. The net increase of £119,000 in Army Receipts is the difference between an enhancement of £184,600 expected in the Home estimates, and a reduction of £65,600 in receipts in India.

"48. On the other hand, we anticipate the following important decreases:—

	£
Opium	121,500
Salt	1,086,700
Customs	273,400
Other heads (including Assessed Taxes)	113,300
Interest	141,600
Mint	51,400
Irrigation	39,700

"The above differences, together with the decrease of £1,200 under "Other Public Works," amount to a total decrease of £1,828,800.

"49. The net decrease resulting from increases under some heads and decreases under others, as above noted, is estimated at £537,100.

"50. As regards Opium, we have not felt justified in assuming that the relatively high prices obtained during the latter months of the closing financial year will be maintained and we have for the purpose of our present estimate assumed an average price for the coming year of R1,150 per chest.

"51. As regards the heavy falling-off in the anticipated receipts from Salt, we have taken £1,113,300 as the diminution to be anticipated from the remission of duty, and we have added £26,600 which, we hope, may be realised by increased consumption, in part as a result of the lower duty.

"52. In our Customs Revenue we allow for a considerable falling-off, a large proportion of which, about £90,000, is due to the anticipation of very small receipts from countervailing duties on sugar. We estimate for a decrease of £50,000 in the duty on silver, as the imports in the current year appear to have been abnormal, and we also anticipate a reduction of about £163,300 in the export duty on rice, as the Burma trade in the current year has been unprecedentedly large.

"53. The principal reduction under "Other Heads" is in Income Tax receipts. The raising of the taxable limit will, it is estimated, result in a loss of £240,000, while it is expected that there will be an increase of £15,300 owing to the normal growth of the Revenue, thus reducing the net deficiency to £224,700. This decrease is, however, to a considerable extent compensated by increases in other minor categories of receipts falling under this general head.

"54. The decrease under "Interest" receipts is chiefly due to an estimated reduction of £120,700 in the amount to be received in England. The sums available for investment by the Secretary of State will be somewhat smaller than during the closing year, and the rates of interest obtainable are likely to be lower.

"55. Under "Mint" receipts we anticipate a decrease in dollar coinage and copper coinage, and consequently in the receipts therefrom.

"56. The decrease in Irrigation occurs in the United Provinces and the Punjab, where it is anticipated that collections to be made in the coming kharif season, on account of irrigation, will be smaller than in previous seasons.

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“EXPENDITURE.

“57. Under Expenditure, for the forthcoming year, we anticipate, as compared with the Revised Estimate for 1902-1903, increases of importance under the following heads:—

	£
Direct Demands on the Revenue	647,700
Post Office	90,800
Telegraph	94,400
Salaries and Expenses of Civil Departments	607,000
Railway Revenue Account	426,600
Irrigation	149,400
Other Public Works	394,200
Army Services	536,400
Special Defences, 1902	120,000

These increases bring up the total increase of Expenditure to £3,066,500.

“58. The heavy increase under Direct Demands on the Revenue is in great part due to the inclusion of Berar expenditure, to the amount of £261,600, and £94,700 is due to increase of Opium expenditure, on the assumption of an average instead of the short crop of last season. The balance is chiefly under Land Revenue, Excise, and Forests. A larger programme for Survey and Settlement is included in Land Revenue expenditure.

“59. The increase in Post Office expenditure is in part due to a payment of £20,000 under a new contract for a fast Mail Service in the Persian Gulf, and a sum of £19,300 has been provided for the improvement of the pay of Postmasters.

“60. Under the Telegraph Department there is an addition to expenditure on account of a sum estimated at £38,000 for the guarantee payable by Government under the agreement for the reduction of charges on foreign messages. The remainder of the increase is mainly due to increased provision for stores and new telegraph lines.

“61. Under ‘Salaries and Expenses of Civil Departments,’ an increase of £78,500 is due to the inclusion of Berar accounts. Other increases are chiefly under Courts, Police, Education and Medical, and whilst, in the closing year, there were considerable lapses under these heads, the present Budget makes full provision for all anticipated expenditure.

“62. The heavy addition of £426,600 under the Railway Revenue Account is due to increased interest charges on additional capital and to larger working traffic charges on increased mileage. But it must be remembered that there is considerable compensation for this increased expenditure in increased general traffic.

"63. The increase of £149,400 under "Irrigation" is accounted for by interest charges, £27,000, on additional capital expenditure, and to new Minor Works, for which £129,500 has been estimated. Further, of the special grant of 25 lakhs made in 1902-1903, £60,000 remained unexpended at the end of the year, whilst an allotment for the full sum has been repeated for the coming year.

"64. Of the £394,200 noted as increase under Other Public Works, £266,600 are due to the special grants now being made to Local Governments, and £34,800 are estimated for expenditure under Berar accounts.

"65. Army Services expenditure shows an increase of £536,400, of which £123,700 is due to the transfer of the Hyderabad Contingent expenses to this account. The balance is chiefly due to the non-repetition of savings secured during the closing year on account of the employment of troops on Imperial services.

"66. As a set-off against the above increases of expenditure, we estimate for decreased payments under the head of "Interest" of £132,900, and £246,400 under Miscellaneous Civil Charges; these, together with an estimated decrease of £6,700 under Mint, give a total decrease of £386,000.

"67. The net result as regards expenditure is an estimated total increase of £2,692,300.

Summary of Budget Results.

"68. We may now consider the results of the Budget I have presented, as regards capital accounts, and requirements during the coming year.

"69. Our estimate of Revenue, and Expenditure chargeable against revenue, closes with a surplus of £948,700. This surplus we carry forward to the second part of our statement dealing with Capital and Debt transactions, and including Deposits, Remittances and Advances. Our total estimate for Capital expenditure (not chargeable to revenue) on Railways and Irrigation amounts to £8,101,900, of which sum, £5,334,700 is for State Railways, £2,100,500 for the account of Railway Companies, and £666,700 for Irrigation Major Works. In addition to the above, we have to find £690,000 for discharging Permanent Debt, and £1,500,000 for discharging Temporary Debt. Thus the gross total of our Capital requirements amounts to £10,291,900.

"70. To meet these requirements we have in addition to the surplus of £948,700, and the net receipt of £192,600 under Deposits, Advances, and Remittances, a sum of £3,133,000 to be raised by Railway Companies. We further propose to increase our Permanent Debt by £3,333,300 including a loan of 2 crores to be raised in India, and we shall also procure £595,400 by addition to the Unfunded Debt.

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"These sums amount in the aggregate to £8,203,000 and the balance required to meet the total Capital Expenditure of £10,291,900 will be found by a reduction of our closing balances in India and in England by £2,088,900.

"The final result will be a closing balance on March 31st, 1904, in India, of £11,496,301, and in England £3,934,637.

"71. As regards the proposed rupee loan, I should say that it is possible that we may not require to raise the full amount noted, but the estimates of receipts have been calculated rather more liberally than has latterly been usual, and, in making an announcement, we consider that it is well to be on the safe side.

"72. The present intention of the Secretary of State is to draw bills amounting to £17,000,000. This figure is omitted from both sides of the account above summarised.

"General Financial Position on the basis of commercial value of Assets and Liabilities.

"73. The credit of a country largely depends on the outstanding amount of its public debt. The public debt of India on March 31, 1902, including temporary and unfunded debt, liabilities on account of Post Office Savings Banks, Provident Funds and minor items, was £222,474,000.

"74. This is relatively a small sum, being only the equivalent of about three years' revenues, but the figure in itself may seem somewhat large to those who have not realised the great value of the assets held, against this debt, by the Government of India. It seems to me that it would be well to explain the nature and value of these assets, and to submit a statement of our financial position from the purely commercial point of view.

"75. From the purely accounts point of view, a statement of our position is annually included in the accounts published by the Secretary of State, and this statement whilst showing correctly, as regards book-accounting, the total amount expended on productive public works, such as railways and canals, does not allow credit for their actual market-value. As a purely commercial calculation, I have arbitrarily, but I think fairly, capitalised the value of State railways and canals at 25 years' purchase of net annual average revenue, for the three years ending March 31, 1902, and such capitalised value amounts to £264,065,000. In addition to this asset, we held, at that date, cash balances in England and India, and balances in mints, small coin depôts, etc., amounting to £20,723,000, as also £3,454,000 in the Gold Reserve Fund, whilst a sum of £12,754,000 was due to Government on account of advances to Native States, Corporations, and other public bodies, including £2,266,000 due by

cultivators for takavi loans. These sums brought up the total commercial value of our assets on March 31, 1902, to £300,996,000.

"76. Against these commercial assets we must set off the amount of the Public Debt, already noted as £222,474,000, and the capitalised amount of our liabilities on account of the railways, and some minor obligations. The former, including the capital value of terminable annuities created for the purchase of the four old Guaranteed Companies, the capital raised through Companies working purchased railways, and the capitalised amount at 25 years' purchase of guaranteed interest payable to the new Guaranteed Companies, amounted to £94,787,000, whilst minor obligations amounted to £5,547,000, thus bringing up our total commercial indebtedness to £322,808,000.

"77. According to this calculation the balance of our commercial indebtedness on March 31, 1902, amounted to £21,812,000.

"78. We should, I think, however, take into account our assets and liabilities in connection with the two remaining old Guaranteed Companies' railways, the Bombay-Baroda, and the Madras. The capital value of these assets at 25 years' purchase of net annual average share of revenue payable to Government for the three years ending March 31, 1902, was £20,842,000. The liability in connection with the same cannot be stated definitely, since it will, in the end, depend on the price at which the railways may eventually be purchased by Government; for the purpose of my commercial calculation, I have, however, assumed the liability as equivalent to 25 years' purchase of the average annual payments of interest during the three years ending March 31, 1902, and this amounts to £24,824,000.

"79. Taking, then, the two remaining old Guaranteed Companies' railways into account, on the basis I have assumed, I must add £3,982,000 to our liabilities, and admitting this calculation, we still only show a total liability, for excess of commercial liabilities over assets, of £25,794,000.

"80. I think it may be fairly held that the position is even better than I have shown by the calculation of commercial values, on an arbitrary basis, and it must be remembered that in our railways and canals we have a steadily improving property.

"81. There are few States in Europe, or elsewhere, which can boast of such a thoroughly sound financial position.

Coinage, Currency and Exchange.

"82. During the past year our coinage operations, as regards rupees, have been limited to recoinng rupees of the 1840 issue, and coining on account of Native States.

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The amount thus coined on Government account up to the end of February was $\text{Rs } 7,09,44,122$, and for Native States $\text{Rs } 2,98,86,000$. It must be remembered that the coinage undertaken on Government account added nothing to our circulating currency.

"83. Since the beginning of the current calendar year there have been very heavy demands for money, in great part in connection with the disposal of the bumper rice crop in Burma and the large cotton crop in Bombay and Central India. These demands have been largely met by the increased sale of Council Drafts, which will reach, according to our Revised Estimate, the total of $\text{£ } 18,261,000$, comparing as follows with those of preceding years :—

YEAR.	Amount.
	£
1901-1902	18,539,071
1900-1901	13,300,277
1899-1900	19,067,022
1898-99	18,692,377
1897-98	9,506,077

But this large sale of Council Bills has by no means sufficed to meet the demand on foreign account for rupees in India, and very considerable sums in gold, amounting to approximately $4\frac{1}{2}$ millions sterling, have been shipped to India, chiefly from Australia, up to the end of February, besides a total nett importation of silver bullion, up to the same date, approximating 4 millions sterling. Of the silver importation, however, a large amount was for dollar coinage and for consumption in the country, but a certain proportion was apparently imported by speculators for a rise in silver, as a profitable method of remittance.

"84. Our currency balances have naturally been strongly affected by the bullion importations and demands for rupees, and our reserve of silver coin fell from $\text{Rs } 15,55,66,000$ on November 30 to $\text{Rs } 9,01,73,000$ on February 22, whilst the amount of gold held increased during the same period from $\text{£ } 5,801,389$ to $\text{£ } 8,464,599$. The stocks of both silver and gold have, however, since increased, the former to $\text{Rs } 9,90,90,000$ and the latter to $\text{£ } 9,073,853$ on 7th March. In view of the large importations of gold bullion and the decreasing stock of silver coin, we decided at the end of February to purchase $\text{£ } 300,000$ of silver in London, so as to be fully prepared for the coinage of rupees should circumstances require it and our then existing stock of silver prove insufficient. At the time that we made the purchase, besides our stock of rupees in the Currency Reserve, we held in the two mints approximately $\text{Rs } 1,15,00,000$ in withdrawn 1840 rupees, and silver bullion and bars obtained from the melting of such withdrawals. Our purchase was, therefore, simply a precautionary measure, and I allude to the fact to show that we are not unmindful of our responsibilities in the matter of providing currency.

"85. During the year, our Gold Reserve Fund has increased from £3,454,246 to £3,810,730, and substantially the whole of the latter amount is now invested in Consols. The Fund is increasing slowly but satisfactorily.

"86. Our exchange operations, as indicated, by the rates obtained for Council Drafts, have been very favourable during the closing year. The average rate, to date, for the rupee, has been 16'002*d.* as compared with the rates noted below, for the four preceding years:—

1898-1899.	1899-1900.	1900-1901.	1901-1902.
<i>d.</i>	<i>d.</i>	<i>d.</i>	<i>d.</i>
15'978	16'067	15'973	15'987

"87. I may point out that our position, as regards currency and exchange, is now somewhat as follows:

"We have virtually relegated our rupee currency to the position of a token currency, and we are now practically in the position of bankers who have issued a certain amount of fiduciary currency (whether paper or metal is immaterial), and to maintain the value of this fiduciary currency, we are bound to be in a position to exchange it for gold when presented for conversion to meet legitimate trade requirements. As I have already mentioned, we hold in the Gold Reserve Fund a sum of £3,810,730, and in the Currency Reserve we have about £9,073,853 also in gold. The gold in the Currency Reserve flows freely in and out according to circumstances and monetary conditions, but the demand for the metal is generally small. Gold coins, though demanded by bankers, seemingly chiefly for remittance purposes, are apparently but rarely used in local circulation, and private demands for export are limited by the action of Government in curtailing the sale of Council Bills whenever exchange approaches export point, gold being remitted, when necessary, to the Secretary of State in substitution for sales of Council Bills. The position of gold in the Indian Currency Reserve may, I think, be compared with that of gold in the Bank of England, which is held at the free disposition of the public, the difference being that the demands in India are comparatively small for the reasons I have given. The gold in the Gold Reserve Fund is held under conditions more nearly resembling those under which gold is held by the Bank of France. It will only be when the temporary curtailment of Council Bills is found insufficient to check a fall in exchange, and when the gold in the Currency Reserve is exhausted, *i.e.*, when the balance of indebtedness is seriously adverse to India to an extent, that we need hardly anticipate, that any serious demand can arise on the Gold Reserve Fund.

"There are both advantages and disadvantages in having a silver instead of a paper fiduciary currency. The silver always has an intrinsic value of high proportion to the nominal value of the circulating medium, but that value is fluctuating and has an

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unfortunate present tendency to depreciate. A note has no intrinsic value, and there can therefore be no question of fluctuation in its value.

Circulation of Currency Notes.

"88. During the past year the circulation of currency notes has considerably increased. I submit the two following statements, (1) showing the gross circulation of paper currency notes in recent years, and (2) the circulation excluding the amounts held at the Government Reserve Treasuries and by the Presidency Banks at their Head Offices:—

(In lakhs of rupees)

	1899-1900.	1900-1901.	1901-1902.	1902-1903 (11 months only).
STATEMENT I.				
Average	27,96	28,88	30,03	33,56
Maximum	29,27	30,78	31,86	35,58
Minimum	26,26	27,90	27,68	31,25
STATEMENT II.				
Average	23,09	23,86	23,16	25,62
Maximum	24,41	25,02	24,40	27,35
Minimum	21,94	22,85	22,39	23,93

"It will be observed that the average circulation in statement (2) is considerably above that of the preceding year.

89. Last year I mentioned that we had under consideration the finding of means to popularise the circulation of notes. After a very careful consideration of the question, and consultation with some of the best authorities in India, we decided to make an experiment in the direction of creating a universal five-rupee note, payable at all Treasuries throughout India except Burma. The measures in connection with this decision have been legalised by an Act passed on March 13th of this year, but it will be some time before notes are issued to the public, as we are still engaged in considering the best form of note as regards the class of paper to be used to secure durability. We shall take special measures with the object of securing that these universal five-rupee notes be cashed without difficulty at all local Treasuries, and we hope in course of time to render them as popular throughout India as the present five-rupee notes already are in the Bombay Presidency. Should our experiment in the matter of a universal five-rupee note succeed, we shall in due time consider the advisability of issuing also a universal ten-rupee note. I must point out that the great difficulty in connection with the creation of

such universally payable notes lies in the danger that they may be used for remittance purposes, but against this we shall take certain precautions.

Presidency Banks.

"90. At the beginning of the winter season we held an informal conference which was attended by the Managers of the three Presidency Banks and some of our best official experts, and as a result of the discussions we are now about to make proposals to the Secretary of State for some important modifications in existing arrangements with the Presidency Banks. I regret being unable to announce the decisions to-day, but I feel confident that they will be such as will meet with general approval, and I trust that in the end they will prove advantageous to the Presidency Banks, although on some points we have appealed to their well-known public spirit to make some possibly temporary sacrifices in the interests of the general commercial community.

"91. I submit the following statement of Government balances held by the Presidency Banks :—

Government Balances with the Presidency Banks.

(In thousands of rupees.)

MONTH.	1898.	1899.	1900.	1901.	1902.	1903.
January . . .	2,78,41	2,73,84	2,48,75	2,64,54	2,85,89	3,07,63
February . . .	2,74,04	2,72,31	2,56,23	2,86,73	2,97,16	3,32,02
March . . .	3,19,63	3,38,07	2,79,18	3,15,79	3,11,24	...
December . . .	2,68,65	2,38,75	2,48,90	2,82,02	3,05,84	...

"I would ask those who may be inclined to consider that the Banks might receive further assistance from Government in this direction, to remember that according to our arrangements with the Banks the amounts which Government are under obligation to hold on deposit with them are, respectively—

	Lakhs.
Calcutta	35
Bombay	20
Madras	18
TOTAL	73

"It will be observed that these obligatory sums have been very largely exceeded. Further, we have continued to show our readiness to assist the Banks in meeting demands for money in the busy season, and we are glad to note that, notwithstanding the recent great demand for money, the Presidency Banks' rate has not exceeded 8 per cent.

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Foreign Tariffs.

"92. Although our own Customs tariff is, with the exception of the countervailing sugar duties, on a simple basis, we do not escape a good deal of trouble and much correspondence in connection with changes in the tariffs of foreign countries likely to affect Indian trade. It is self-evident that, our own tariff being very low, we can have little to offer to any foreign State to induce them to treat us with special favour in the matter of tariffs, and this position will continue unless we should be forced to accept a serious change of policy and to adopt an undesirably complicated tariff, raising and varying our duty rates to meet the kaleidoscopic changes in the tariffs of others.

"93. Our chief troubles during the past year have been due to changes in the French and Persian tariffs, and to changes in the system of bounties in beet sugar-producing countries, whilst now we are inquiring about the reported change in the Japanese tariff, affecting indigo, and into the possible effect on our trade of the new arrangements in China.

"94. As regards the French tariff, after prolonged negotiations in Europe an arrangement has been made, under which India still continues to enjoy the minimum tariff, to the great advantage of our coffee planters. With Persia we unfortunately had no proper commercial treaty, and we were consequently in a difficult position to negotiate. The tariff recently introduced is still very high as regards our interests, but both the Government of India and the British Foreign Office have been giving unceasing attention to the question. Some important modifications on the original proposals were secured, and further steps are being taken for the protection of our trade interests.

Countervailing Duties on Sugar.

"95. It was agreed at the Brussels Conference to restrict by international agreement the protective duties that may be imposed in the sugar-producing countries, and to abolish all kinds of bounties on the production or export of sugar. A convention was drawn up giving effect to this decision, and requiring the contracting Powers either to impose countervailing duties on the sugar imported from countries which continue to grant bounties, directly or indirectly, or to prohibit altogether the importation of sugar from such countries.

"96. The Government of India were represented at the Conference, but did not become a party to the Convention, preferring to retain for the present complete liberty of action.

"97. At the Conference it was decided that the bounty system should be allowed to continue unchecked until the 1st of September 1903, and this decision made it necessary

for us to devise intermediate measures to protect the Indian producer from the competition of bounty-fed cheap beet sugar, the price of which has been artificially lowered by the continental trade combinations. An Act was accordingly passed on the 6th of June 1902 empowering the Governor General in Council to impose a special duty on the sugar imported from any country in which the rate of taxation on foreign sugar exceeds the Excise-duty on home-grown sugar by more than a fixed maximum of 6 francs per 100 kilos of refined sugar, and $5\frac{1}{2}$ francs per 100 kilos of raw sugar. The parties to the Brussels Conference considered that a protective duty of this amount would not allow a sufficient margin for the operations of cartels or combinations of sugar refiners, and they held that, when the protective duty exceeded the above rates, a special duty of half such excess would be sufficient to neutralise the depression in prices that might be created by the cartels. This formula appeared to be suitable to the conditions prevailing in Germany and Austria-Hungary, where the cartel system has been elaborated, and the rate of duty, worked out on the above principle, corresponded roughly with the difference, as calculated by experts, between the export price of sugar and the average cost of production in those countries. The Government of India therefore adopted this formula as a provisional measure, and on the 6th of June 1902, special duties were imposed under the new Act, on sugar imported from Germany and Austria-Hungary. The provisions of the Act were subsequently extended to sugar imported from France, Denmark, Russia, and the Argentine Republic. Measures have also been taken to ascertain the countries of origin of all sugar imported into India, in order to prevent the evasion of the countervailing duties by importation by indirect routes.

“98. The practical effect of the new duties has been to close, temporarily, the Indian market to the direct importation of German and Austro-Hungarian sugar, and to encourage imports from such beet-growing countries as Holland and Belgium, which do not maintain high protective duties. The imports of cane sugar from Hongkong, Java, and the Straits Settlements have also been largely increased.

“99. It has been announced in the public telegrams that all the Powers who joined the Brussels Convention have now formally ratified their acceptances, and it may be presumed that the provisions of the Convention will be put into force on the 1st of September 1903. On that date, the parties to the Convention are bound to abolish all sugar bounties, and, should they be completely abolished, the position might become such as to justify the abolition of all countervailing duties in India. On the same date, the Act passed in June last will, unless specially extended, cease to be in force. It appears, however, probable that in September next large stocks of bounty-fed sugar will be in hand in the beet-growing countries, and it may possibly prove necessary to consider the necessity of further temporary special measures, until these stocks have been exhausted and normal conditions restored.

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"100. No decision has yet been arrived at with regard to the adherence of India to the Brussels Convention, but we are at liberty under the terms of the Agreement to accept it, should it hereafter appear desirable.

101. I append a statement of the imports of sea-borne sugar, and also of the sums realised from the countervailing duties.

Imports of Sea-borne Sugar from other Countries into British India.

COUNTRY.	1898-99.	1899-1900.	1900-1901.	1901-1902.	1902-1903. April 1902 to January 1903 (ten months).
REFINED.	Cwt.	Cwt.	Cwt.	Cwt.	Cwt.
United Kingdom	35,565	65,424	119,272	188,300	265,128
Austria-Hungary	1,063,737	777,821	1,321,310	2,257,928	878,763
Germany	413,971	60,526	401,980	577,139	145,641
Mauritius	1,793,607	1,417,115	2,085,156	1,759,203	1,518,899
China—Hongkong	185,682	316,975	487,439	182,564	440,707
Java	162,500	190,553	225,247	310,592	493,806
Straits Settlements	75,656	79,999	144,166	62,486	203,566
Belgium	30,350	766	1,467	2,055	182,516
Holland	1	311	400	500	73,647
Other Countries	3,841*	26,502*	55,199*	87,336*	90,437*
TOTAL	3,764,910	2,935,992	4,841,636	5,428,103	4,293,110

* Includes figures for Egypt and Ceylon.

Net Receipts from the countervailing duties.

1899-1900.	1900-1901.	1901-1902.	1902-1903.
£	£	£	£
56,783	140,465	244,398	70,381

Customs Administration.

" 102. The Government of India have received representations from commercial bodies on the questions of the desirability of the care of commercial interests being made a particular function of some Government Department, and also on that of reform in our Customs administration, particularly with regard to the simplification of procedure and continuity of service in the Customs Department. These are questions on which, in principle, we fully sympathise with the ideas of the commercial community, and that such is the case is evidenced by the fact that Government had already moved in both matters before there was any special indication of public interest therein. It is some two years since the question was mooted of the desirability of having a section specially charged with the consideration of commercial interests in the Finance and Commerce Department. During that period, opinions on the question have been received and various suggestions considered; finally, a definite scheme has been formulated which is now under the consideration of the Secretary of State. Until we learn what the decision may be, it would not be proper for me to enter into the details of our proposals, but I may say that there is not the least fear of the proposed commercial section becoming a bureau of dry statistical information with the addition of lists of the addresses of traders. Our idea is to create an active living institution in which all questions relating to trade and industry will be considered and primarily dealt with, whilst information will be collected which we trust will prove equally useful to Government and to business men. Our present Statistical Department will be included in the new section, with a distinct head, subordinate to the Director General of the section, which will include two distinct divisions, Commercial and Statistical.

" 103. With regard to Customs administration, I may say that this matter has occupied my attention for a long time, and it is more than a year since Government referred to a departmental committee certain questions connected with our Custom House system, and we subsequently requested another committee, on which we had the valuable assistance of commercial representatives, to formulate proposals for the improvement and simplification of Customs procedure. Something has already been done in this direction, and I believe that the commercial community are fully sensible of the beneficial results. The larger reforms which have been suggested will also receive the most careful consideration, but it must be remembered that the Customs administration being under the Local Governments we cannot move as quickly as might possibly otherwise be expected.

Army Services.

" 104. We are still continuing the work of providing for increased efficiency of the army, and more particularly by expenditure in the various Departments connected with

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Supply, Transport, Armament and Mobilisation. The following figures show the net Military expenditure during the last five years :—

	£
1899-1900	14,165,743
1900-1901	14,265,525
1901-1902	14,786,342
1902-1903 (Revised Estimate)	16,234,900
1903-1904 (Budget Estimate)	16,652,300

“Included in the sums placed at the disposal of the Military Department are large amounts for Ordnance Factories. We have so far sanctioned the following amounts on this account and the subjoined statement shows the sums allotted and spent, to date, on different establishments :—

Statement showing the probable expenditure to end of 1902-1903 on the various Government manufacturing establishments, and the grants allotted for 1903-1904.

NAME OF FACTORY.	Total amount of estimate (Military and Military Works).	Total probable expenditure to 31st March 1903 (Military and Military Works).	Total grants allotted for 1903-1904 (Military and Military Works).
	£	£	£
Cordite Factory, Wellington	196,298	180,694	10,000
Rifle Factory, Ishapore	250,333	60,977	142,000
Gun Carriage Factory, Jubbulpore	177,938	74,619	54,250
Ishapur Rolling Mills	167,829	2,000	84,035
Gun Factory, Cossipore	10,680	Nil.	7,000
TOTAL .	803,078	318,290	297,285

“These are large grants, but I would again emphasise the fact that not only will the expenditure have valuable results from a military point of view, but it will prove of direct benefit to the people of India by lessening the cost of war material ; providing well-paid employment for labourers and artisans ; assisting the education of the people in mechanical trades ; and reducing the drain on our resources for payment abroad.

“105. We anticipate that manufacturing will commence in the Cordite Factory about the end of 1903 ; in the Ishapur Rifle Factory about the end of 1904, and in the Gun Carriage Factory, Jubbulpore, the Rolling Mills, Ishapur, and the Gun Factory at Cossipore in the spring of 1905.

Public Works.

" 106. The following figures show the comparative Capital expenditure on Railways for five years :—

	£
1899-1900	5,978,520
1900-1901	5,317,768
1901-1902	5,915,199
1902-1903 (Revised)	6,897,200
1903-1904 (Estimate)—	
Capital expenditure on open lines	3,350,700
Capital expenditure on lines under construction	2,271,600
Capital expenditure on new lines recently commenced	1,183,800
Capital expenditure on new lines to be commenced next cold weather	527,200
	<hr/>
TOTAL FOR 1903-1904	7,333,300
	<hr/>

" 107. On April 1st, 1902, the total length of railways was 25,378 miles, classified as follows :—

5' 6" gauge	14,057
Metre gauge	10,553
Special 2' 6" and 2' 0" gauges	768
	<hr/>
TOTAL	25,378
	<hr/>

" To this mileage has been added during the current year—

	Miles.
5' 6" gauge	272
Metre gauge	697
Special narrow gauges	127

bringing up the total addition to open lines to 1,096 miles, and we anticipate adding approximately another 654 miles during the coming financial year.

" These are important additions to our railway communications, and experience has shown their great value in mitigating the effects of famine, and in opening up new districts, and providing profitable markets for the agricultural population.

Provincial Settlements.

" 108. As regards the new settlements with Provincial Governments, I had expected to be able to make some definite announcement at this season, but the matter is one of such great importance and the questions involved are so complicated that it

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was only in the late autumn that we were prepared to formulate definite proposals to the Secretary of State, and these are still under his consideration.

Mutual Credit and Agricultural Banks.

"109. Again, I must express my regret at being unable to announce any definite decision. The question is clearly one of the highest importance, and, anxious as we are to proceed, every care must be taken to avoid, as far as possible, mistakes at the outset. The opinions of Local Governments and authorities to whom the report of the Conference on this question was referred have been received, but they have not been sufficiently long before us to enable us to formulate our definite proposals to the Secretary of State.

Remission of Land Revenue and Special Grants-in-Aid.

"110. I mentioned in my Statement last year that we had decided to remit £1,321,500 of arrears of land assessment in distressed districts. This has been done, and we continue the same policy of assistance to any sections of the agricultural population, which, as the result of famine, may be in need thereof, and we have again sanctioned a special grant of 25 lakhs for minor irrigation works. I may mention that during the closing financial year it was only found possible to profitably spend 16 lakhs out of the 25 lakhs sanctioned. I may here remind those who advise us to 'irrigate India' as a panacea for all troubles from drought and famine, that even in India water will not flow up hill, and that irrigation schemes require much time for careful preparation, and more time and the greatest care for profitable execution.

"111. The special grants-in-aid made last year to Provincial Governments for expenditure on Education, Public Works, Medical requirements and provincial administrative purposes, were not fully expended. From one point of view it is a matter of regret that it was not found possible to expend the whole sum which was placed at the disposal of the Provinces, but, on the other hand, the fact that the money was not all spent is a satisfactory proof of the care exercised in its expenditure. This year we have decided to distribute among the various Provinces, excluding Burma, a special grant of 40 lakhs, to be devoted to Public Works, such as Jails, Police Quarters, Court Houses, Provincial Roads, etc., and we believe that the money can be spent with real advantage. We have not made any special grant to Burma on this head, as the Government of that Province has a very large balance, accumulated during the period of the last settlement, and which is still at its disposal for Public Works.

Famine.

"112. We may congratulate ourselves upon the favourable results of last year's monsoon, a prolonged break in which at one time threatened disaster. But the rainfall was

resumed in time, and the result was to add to the happiness and prosperity of the people, and was immediately reflected in our revenue collections.

"The rice crop in the Central Provinces constituted an unfortunate exception. It very generally failed; and the failure, coming as it did upon the top of successive years of trial, has caused considerable distress. The distress is, fortunately, not very widespread; but already some 36,000 persons are in receipt of relief. In some districts of Upper Burma also, insufficient rainfall has resulted in a short yield of rice.

"The winter rains in the north-western portion of India have again been scanty, and the spring crops in unirrigated areas, especially in the Punjab, have suffered in consequence. But it is not anticipated that anything in the shape of serious distress will result. With these exceptions, the agricultural character of the past year may be described as generally favourable.

"113. Our direct famine expenditure during the closing financial year is estimated at £313,500. In connection with famine questions I may mention that the total outstanding for loans granted to Native States, chiefly for famine purposes, is now about 211 lakhs; in addition to this sum, loans have been raised by Native States in Bombay, in the open market, under Government guarantee, to the amount of about 33 lakhs.

"As announced at the Durbar at Delhi, we have remitted three years' interest on the loans granted or guaranteed by Government, and we have since decided that to assist very small States who had raised petty loans in the open market, the outstanding balance of principal up to Rs. 2,000 shall be paid off by Government during the current year, and be replaced by Government loans at 4 per cent. Our estimate of the amount thus to be paid is Rs. 1,14,000. I trust that this latter arrangement will prove a substantial assistance to the very small States, by whom the burden of interest and repayment of principal on even the most petty loans, must be severely felt.

Economic Progress.

"114. I think it may be well that I should endeavour once more briefly to review the economic situation, and to deduce, from the consideration of the question, such conclusions as may be possible regarding the prosperity of the people taken as a whole. I say advisedly 'taken as a whole,' because those who have been inclined to criticise previous statements of opinion on this subject have founded their arguments as to the alleged impoverishment of the people, on facts and circumstances connected solely with that relatively small part of the total population which has been so severely tried by famine and plague in recent years.

"115. As a general indication of increasing wealth of the tax-payers, I think that a very fairly correct estimate of the position is to be obtained by noting the increase in

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revenue returns under heads the returns from which are manifestly dependent on their spending power. Such heads are Salt, Excise, Customs, Post Office, and in a lesser degree Stamps, and I give the following figures showing progress in revenue under those heads during the last three years :—

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	Revised Estimate, 1902-1903.
	£	£	£	£
Salt . . .	5,850,463	5,967,034	5,939,310	6,040,000
Stamps . . .	3,265,476	3,342,948	3,446,406	3,471,900
Excise . . .	3,859,942	3,937,202	4,076,681	4,377,600
Customs (excluding countervailing du- ties and silver) .	2,914,857	3,131,223	3,358,870	3,509,700
Post Office . .	1,308,315	1,357,156	1,383,709	1,435,000
TOTAL .	17,199,053	17,735,563	18,204,976	18,834,200

" 116. I have purposely omitted Land Revenue from this table, since returns from this source are influenced in the direction of increase by revisions of settlement, and by the bringing under settlement of newly irrigated and cultivated lands, and in the direction of decrease by the large remissions which have been made to facilitate recuperation in specially afflicted areas. The returns from the Post Office have, it is true, been influenced by certain changes in rates charged, but as these have all been in the nature of concessions and reductions, we can as regards the question under consideration accept the results with confidence.

" 117. The inevitable deduction from the figures tabulated must be that the material prosperity of the people as a whole is making good progress.

" 118. In further confirmation of this I may cite the figures showing the growth of deposits in the Post Office Savings Banks—

	Accounts, 1899-1900.	Accounts, 1900-1901.	Accounts, 1901-1902.	Revised Estimate, 1902-1903.
	£	£	£	£
Post Office Savings Banks (net receipts) . .	145,628	264,540	425,911	430,400

" 119. As I have previously stated, the prosperity of the agricultural population must, from the financial as well as from other points of view, be the deepest concern of the Government of India, and there is no hesitation in providing funds for agricultural purposes wherever we see the likelihood of profitable employment. Matters of detail connected with this question are within the province of my Honourable Colleague in charge of the Revenue and Agricultural Department, but I think I may be allowed to mention that the activity and labours of the competent gentleman who was named Inspector General of

Agriculture, encourage great hopes of progress, and that in some parts of the country a very satisfactory beginning has been made towards instructing the raiyats in such questions as introduction of crops grown in one district to another in which they seem likely to succeed; improved methods of cultivation; advantage of chopping up fodder crops; ensilage; value of propagation of good qualities of seed; value of certain easily procured manures; use of implements of the simplest kinds; and the treatment of crop diseases.

"In the Central Provinces, under the sympathetic supervision of the Commissioner of Settlements, special progress has been made, and 14 demonstration farms working on the lines indicated, of from 25 to 100 acres each, were taken up last year. Further, in these Provinces the publication of a monthly magazine has been undertaken, written in simple language, in the local vernacular, and dealing with local agricultural questions. There are already over a thousand subscribers to this magazine and free distribution is made to officials. The success which has attended this good beginning augurs favourably for the future.

"120. I am glad to say that there has been some recovery during the past year from the recent severe depression in the tea industry. Prices have improved somewhat, that for fair Souchong having risen from 4 annas 3 pies per lb at the end of February 1902 to 4 annas 9 pies per lb at the close of the calendar year, and from 4 annas for common Pekoe to 4 annas and 9 pies per lb. Progress has been made in pushing sales in Persia and Russia, and a new departure has taken place during the past year in the manufacture of green tea in India. The exports from Calcutta between April 1st and January 31st have increased from lb 163,339,300 in 1901-1902 to lb 164,161,000 in the corresponding period, 1902-1903.

"121. I cannot say that there are up till now as satisfactory signs of revival in the indigo industry, as I am able to note with regard to tea. Still there is distinct evidence that the views which I ventured to express on this question in my previous Financial Statements have not been without reasonable grounds. I know that very many of those keenly interested in the Indian indigo industry believed that I was unreasonably optimistic, and capitalist friends in Europe, interested in the manufacture of synthetic indigo, pitied my ignorance in saying that they had not yet heard the last of the natural product.

"Now, what are the facts on which we may base an opinion? First, owing to a succession of unfavourable seasons, we have had a reduction in the outturn of indigo crops, from over 100,000 maunds to some 85,000 maunds, then to 45,000 maunds, and such a failure in crops would by itself have spelt ruin to any but an industry possessed of much natural vitality. And yet the indigo industry is by no means dead, and during the recently closed auction season, prices advanced by fully four pence per pound—a very

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[*Sir Edward Law.*]

considerable percentage,—whilst natural indigo continues, I am informed, to fetch in certain markets some 30 per cent more than the artificial product.

“But the most important point, to my mind, in connection with this question of competition between the natural and artificial products, is that the planters appear to have realised the necessity of a reform in agricultural methods, and are with good results adopting a system of rotation of crops, whereby indigo becomes something akin to those bye-products for which any price obtainable is a profit. I do not anticipate any return to the bye-gone days of extraordinary prosperity in indigo, but I do not believe that we need contemplate anything like a complete failure of the industry.

“122. In this connection we must feel keen interest in the present efforts to create a sugar industry on a scientific basis in Behar, since indigo ‘seeth’ is considered to be the cheapest and most reliable manure for sugarcane crops. It is reported that satisfactory progress is being made with the production of sugar, and I am glad to say that considerable attention is also being paid to the cultivation of rhea and tobacco, for the manuring of which crops the indigo ‘seeth’ is equally valuable.

“123. The rapidly increasing prosperity of the coal business has received a check, but I do not think that there is any reason for discouragement. We have recently had the opportunity of learning the opinion of two very competent experts on the value of our coal-fields, and they were emphatic in their appreciation of the wealth they represent. They gave, however, some words of warning as to the desirability of economical working of the coal seams, without due attention to which profitable working might in their opinion come to an end prematurely.

“The quality of the Bengal coal was highly praised by these experts, and I would venture to suggest to coal-owners that to maintain the reputation of the coal and command full prices, it is very important that only the best qualities should be shipped. Attention to this question is in the interests of all concerned in the trade, for should careless owners send out coal of inferior quality, there would be a risk of a general reduction in price which would seriously prejudice the business of those who continued to work their coal well, and shipped only the best quality.

“I give the following figures of exports of Bengal coal during the last three calendar years :—

YEAR.		Foreign Ports.	Indian Coast Ports.	GRAND TOTAL.
		Tons.	Tons.	Tons.
1900	. .	518,551	1,216,000	1,734,551
1901	. .	575,937	1,432,350	2,008,287
1902	. .	427,786	1,287,770	1,715,556

"Bunker Coal was supplied to Steamers at Calcutta, in 1900, 615,504 tons; 1901, 661,840 tons; 1902, 697,007 tons.

"124. As regards investment in industrial enterprises in India, I should mention that our statistical returns show an increase of investment of £875,000 for the calendar year 1902, and the total paid up capital at the end of that year as amounting to £25,992,000. These returns are, I fear, not fully complete, as we sometimes have considerable difficulty in obtaining the required information. It would be a great advantage if such information were more freely given.

"125. I am glad to be able to note once more that the jute industry is in a flourishing condition, and I understand that good profits have been made by those engaged in that business. There are, however, reports that the quality of the jute fibre is deteriorating, and this appears to me to be a question requiring the close attention and advice of agricultural experts, assisted by agricultural chemists. I hope that this question may be taken up. Prices have ruled fairly firm, this season, and exports have been fairly large.

"126. We have had an excellent cotton crop which is selling at fair prices, and we have further been favoured with a bumper rice crop in Burma, which, besides adding to the prosperity of that Province, has resulted in a material total increase of revenue, amounting, as compared with last year, to approximately ₹27,73,000 from the export-duty on rice.

"127. In conclusion, I would draw attention to a very specially satisfactory feature in the general situation, namely, the steady growth of our Export trade. The following are the comparative values of exports (exclusive of treasure and Government stores) in the eleven months from April 1st to February 28th, in the last three years:—

1900-1901.	1901-1902.	1902-1903.
£	£	£
64,865,050	75,051,924	75,969,551

"The corresponding figures for the Import trade are—

1900-1901.	1901-1902.	1902-1903.
£	£	£
45,696,640	50,285,455	47,164,115

"The result, including Government stores, but excluding treasure, has been an excess of values of Exports over Imports for the three eleven-month periods, as follows:—

1900-1901.	1901-1902.	1902-1903.
£	£	£
16,641,827	20,828,175	24,907,365

"I may add for information that the net imports of treasure during the corresponding three years amount to a total of £19,307,957, whilst Rupee Government Securities have been bought abroad and transferred to India for a total of £5,561,333."

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INCOME-TAX (AMENDMENT) BILL.

The Hon'ble SIR EDWARD LAW said :—" In consequence of the announcement which I have been authorized to make to-day regarding the remission of Income-tax on incomes below Rs. 1,000, it will be necessary to undertake legislation, and I ask Your Excellency's permission to move for leave to introduce a Bill further to amend the Indian Income-tax Act, 1886. Under the present law the limit below which incomes are not liable to Income-tax is now fixed at Rs. 500. It has been decided to raise this limit to Rs. 1,000 per annum, and the object of this Bill is to give effect to that decision."

His Excellency THE PRESIDENT said :—" Owing to the fact that the legislation to which the Hon'ble Member alludes is consequential upon the Budget Statement which has just been delivered, it has not been found possible to comply with the Rules as regards the notice which ought ordinarily to be given. Under one of the Rules for the conduct of business, however, I have the power to provide for the addition to the list, at any time, of business of a special nature, and it is under this power that I now accept the motion of the Hon'ble Member to introduce this Bill and put it to the Council."

The motion was put and agreed to.

The Hon'ble SIR EDWARD LAW introduced the Bill.

The Hon'ble SIR EDWARD LAW also moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India and in the local official Gazettes in English.

The motion was put and agreed to.

The Council adjourned to Friday, the 20th March, 1903.

CALCUTTA ;
The 20th March, 1903. }

J. M. MACPHERSON,
*Secretary to the Government of India,
Legislative Department.*

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Friday, the 20th March, 1903.

PRESENT:

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale.

The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidia Vinodha Avargal, Rai Bahadur, C.I.E.

The Hon'ble Mr. L. P. Pugh.

The Hon'ble Sayyid Husain Bilgrami.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Sir M. C. Turner, Kt.

The Hon'ble Mr. G. C. Whitworth.

The Hon'ble Mr. R. F. Rampini.

The Hon'ble Mr. G. F. T. Power.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. A. W. Cruickshank, C.S.I.

His Highness Raja Sir Surindar Bikram Prakash Bahadur, K.C.S.I., of Sirmur.

His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.

The Hon'ble Mr. C. W. Bolton, C.S.I.

QUESTIONS AND ANSWERS.

The Hon'ble MR. BILGRAMI asked :—“ Will the Government be pleased to state in what way the Superior Educational Service of the Government of

[*Mr. Bilgrami; Sir Denzil Ibbetson; Rai Bahadur* [20TH MARCH, 1903.]
P. Ananda Charlu.]

India is recruited in England :—whether applications are invited before nomination when vacancies occur in Indian Colleges, or whether nominations are made privately without a previous public invitation to apply; and what steps, if any, are taken to secure that none but University men of the highest ability shall be selected to fill chairs in Indian Colleges? ”

The Hon'ble SIR DENZIL IBBETSON replied :—“ Recruitment for the Indian Educational Service is entirely in the hands of His Majesty's Secretary of State for India, and the Government of India have no information as to the precise steps taken by him in exercising his discretion in the matter.”

The Hon'ble RAI BAHADUR P. ANANDA CHARLU asked :—

“ I. Are the Government aware that specific allotments are made in some and not in all raiyatwari villages for pasturage, as appears from the printed Settlement Registers belonging thereto? ”

“ II. Are the Government supplied periodically with any statements, compiled specifically in view to show whether in the villages where such allotments have existed, they have remained intact or have been, within the past twenty years, enlarged or materially abridged, or absorbed into cultivated areas? ”

“ III. If they are in possession of any such statements, will the Government be pleased to place them on the table? ”

“ IV. If no such specific statements exist or are not ready for production, will the Government be pleased to direct them to be made available at a practically early date and place the same on the table when made available? ”

“ V. Will the Government be pleased to issue specific directions for yearly or periodical compilation of statements explanatory of such allotments? ”

“ VI. If they see fit to issue such specific directions as are suggested in the next preceding question, will the Government be pleased to place them on the table at a date which to the Government may seem convenient after their issue? ”

The Hon'ble SIR DENZIL IBBETSON replied :—“ The Government of India have examined the Land Revenue laws and rules of the various raiyatwari provinces, and find that in all cases provision is made for the setting apart, where necessary, of land for the purposes of village pasture.

[20TH MARCH, 1903.] [*Sir Denzil Ibbetson; Major-General Sir Edmond Elles.*]

“ They have no detailed information as to the action which has been taken under these provisions, nor are they supplied with statements such as are described in the questions. They do not propose to direct their preparation, which would in any case involve considerable labour. If the statements contemplated merely gave totals for each province, they would convey but little useful information; while details for each raiyatwari village in India would be so bulky as to be useless.”

INDIAN WORKS OF DEFENCE BILL.

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES moved that the Report of the Select Committee on the Bill to provide for imposing restrictions upon land in the vicinity of works of defence in order that such land may be kept free from buildings and other obstructions be taken into consideration.

The motion was put and agreed to.

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES moved that the Bill, as amended, be passed. He said:—“ With your Lordship's permission, I will make a statement with regard to the Bill.

“ The necessity for some power to place restrictions upon the use and enjoyment of land in the vicinity of works of defence has been long ago recognized by most of the States of Europe. It stands to reason that the value of a defensive position cannot fail to be diminished, and may be entirely destroyed, if building and other operations, which result in affording cover to an attacking enemy, can be conducted without hindrance within a few feet of the parapet. Perhaps the most complete appreciation of the expediency of providing by law for satisfying the requirements of military defence with the minimum of hardship to individuals is to be found in the French legislation on the subject. By an enactment of the 10th July, 1791, the principle was accepted of drawing round fortresses and military positions three concentric ‘ zones ’ within the limits of which restrictions of varying degrees of stringency are imposed upon buildings and other obstructions and are enforced by extensive powers of demolition. The details of these arrangements were modified by subsidiary legislation, and eventually the whole question was treated in a most comprehensive manner by an imperial decree of the 10th August and the 23rd September, 1853. This decree formulates, with minute detail, the precise restrictions attaching within the limits of each zone and makes provision for compensation. At the same time, it is expressly declared that no compensation is to be awarded for any damage occasioned by an ‘ act of war.’

“ In the United Kingdom, our long immunity from warfare within the realm had the result that, for many years, questions of internal defence did not engage much attention. When, however, public opinion was aroused by the Crimean War, a Royal Commission was appointed to inquire into the sufficiency of the defences of the realm; and one effect of its recommendations was the passing, substantially without discussion, of the Defence Act, 1860 (23 & 24 Vict., c. 112). By this enactment the Secretary of State was given very drastic powers. He was authorized to make a declaration that lands in the vicinity of works of defence should be kept free from buildings and other obstructions, and thereupon, at any time within a period of six months, he may issue notices to owners and occupiers. At any time after the expiration of fourteen days from the service of such notices, he is at liberty, by the demolition of buildings and the removal of trees and other obstructions and by the performance of similar acts of devastation, to reduce the land in the vicinity of the works to a condition which, in his opinion, is appropriate to defence. This liberty continues for the period of three years from the date of making the preliminary declaration, and then terminates except for the purpose of maintaining the land in the condition to which it has been reduced. The erection of all buildings and other structures, except wooden barns and hovels, is absolutely prohibited. In the meantime, if the owners and occupiers do not, within a period of fourteen days from the service of the notices, agree to the amount of compensation tendered, the matter is referred to a jury according to the procedure prescribed by the Defence Act, 1842 (5 & 6 Vict., c. 94), as amended. Where the claim for compensation does not exceed two hundred pounds, it may, on the application of either party, be summarily determined by two justices.

“ The question of taking similar powers in this country has, during the last twenty years, repeatedly engaged the attention of the Government of India. It was sought, however, to avoid legislation by the expedient of entering, as occasion arose, into private agreements with owners and occupiers for the restraint more particularly, of building rights; but, in the event, it had to be recognized that the defensive value of a position cannot be left dependent upon the accident of isolated transactions to which owners and occupiers have often declined to become parties, and the binding effect of which as against transferees is exceedingly doubtful. In these circumstances, the present Bill was prepared by the Government of India and the guiding principle has been, so far as possible, to adapt to Indian conditions the results of the experience obtained from the legislation in France and England. The French model was followed, for example, by incorporating a minute statement of the restrictions capable of being imposed within three specific zones as recommended by the Defence Committee, in pre-

[20TH MARCH, 1903.] [*Major-General Sir Edmond Elles.*]

ference to the bare prohibition, contained in the English Statute, of all buildings and other structures with the exception of wooden barns and hovels. On the other hand, it was sought to shorten proceedings and to enable compensation to be paid with the least delay by restricting the period, during which all acts of demolition must be completed, from three years, as permitted by the Statute, to six months. The procedure relating to compensation was adapted from that contained in the Land Acquisition Act, 1894 (I of 1894), on the principle that, if possession of the site of a work of defence is obtained under the terms of a specific enactment, restrictions upon the use and enjoyment of land in the vicinity should not be imposed without equal safeguards for the protection of rights and interests affected.

"The opinions collected after the Bill was published for criticism have disclosed that the principle of the measure is generally accepted as reasonable and expedient. On the other hand, many valuable suggestions in regard to the details of the procedure to be followed have enabled us still further to soften the effect of proposals already shown to be, in many respects, milder than the English Statute. The original draft of the Bill followed the Statute in recognizing no distinction between ordinary and emergent cases and contemplated, in both cases alike, that the demolition of buildings and other obstructions should precede the assessment for the purposes of compensation. The disappearance, however, of a building or other obstruction before assessment must necessarily increase the difficulties encountered by the Collector in appraising, and by the owner or occupier in proving, the real value. In all ordinary cases, moreover, there is no necessity for performing any act of demolition until after the land has been completely surveyed and the Collector has made an award on the basis of a full investigation of claims. We have proposed, therefore, to depart from the Statute by making express provision to this effect.

"To this provision, however, there must be one exception. The Land Acquisition Act, 1894, distinguishes the case of urgency; but when it is a question of recourse to the powers conferred by this Bill, a more pressing urgency is required; and we would dispense with the preliminary survey and award only when the circumstances can fairly be described as an 'emergency' serious enough to warrant a notification of the Governor General in Council. The English Statute, which merely gave effect in peace to the recommendations of a Commission, did not contemplate such an occurrence; and the original Bill followed its terms by requiring, in all cases alike, the lapse of fourteen days before any act of demolition could be performed. The Members of the Select Committee are unanimous in considering that, in view of the conditions of

[*Major-General Sir Edmond Elles.*] [20TH MARCH, 1903.]

military defence in this country, the expiration of this period should not be declared to be a condition precedent to action in cases of emergency. The Hon'ble Mr. Gokhale, while concurring in the principle accepted by the Committee, has suggested the express enactment of a provision to the effect that 'such previous notice as under the circumstances may be practicable' should be given before an inhabited building is demolished. Assurance is hardly needed that, as a matter of course, such notice as the Hon'ble Member contemplates will always be given under executive instructions; but the objection to any attempt to embody his suggestion in the Bill is that it would impose, in necessarily most indefinite terms, a very stringent liability at law upon an officer acting under the pressure of extreme emergency. It may, in the very rare cases of resort to emergent action, be inconvenient to a householder to have to vacate the premises at short notice; but it seems far more inexpedient to hamper the responsible officer at such a moment with anxieties in regard to the question whether a Court may not hold that, upon the evidence before it, the notice might have been prolonged by half an hour. It must be recollected that the necessity for such action would, in practice, arise only under conditions when, according to the law of France, summary demolition would be carried out as an 'act of war' without even compensation; and it may safely be predicted that, if the Commanding Officer of a work of defence considers the danger of attack to be so imminent as to preclude him from giving more than an hour or two's notice before demolishing a building in the firing-zone, the owner or occupier, unless he is weary of life, is most unlikely to feel the slightest desire of postponing his departure for a moment.

"The proposal to defer the commencement of demolition in ordinary cases until after the making of the award removes the necessity for fixing six months as the period after which notice for the presentation of claims must be issued. At the same time, it is not anticipated that, save in very exceptional circumstances, anything like the period of three years, which the Statute allows for the completion of all acts including those of demolition, is likely to be required for survey and assessment. The Bill, as revised by the Select Committee, proposes that notices preliminary to the making of an award shall issue before the expiration of eighteen months or, with the previous sanction of the Governor General in Council, three years from the date of the original publication of a declaration of the necessity for imposing restrictions. Where any damage has already been occasioned in the exercise of emergent powers, it is desirable that the notice should issue as soon as possible because, after the disappearance of the building or other obstruction, any delay in the investigation would disproportionately increase the difficulty of proving the value. The proposed

[20TH MARCH, 1903.] [*Major-General Sir Edmond Elles; Rai Bahadur P. Anand Charlu.*]

departure from the term of six months, while it will afford persons interested a better opportunity for prosecuting their claims, will also have the effect of materially increasing the period during which, although no compensation has yet been awarded, restrictions already attach under the initial declaration. During this period, which might extend to several years, an inhabited building, which the owner is restrained from 'maintaining,' might, in the absence of a power of repair, fall into absolute ruin; and we have accordingly proposed, by the insertion of a definition of the expression 'maintain,' to render it clear that the owner or occupier is not precluded, during such a period as has been described, from carrying out all ordinary repairs.

"There is only one other point to which attention need be directed as indicating a departure from the English Statute. The restrictions there imposed and the powers there granted are of an absolute and unqualified character; and the notice to owners and occupiers, therefore, simply specifies the lands affected and intimates the Secretary of State's willingness to treat for compensation. Our Bill, on the contrary, merely describes the nature of possible restrictions of which only those actually specified in the notice of the original declaration of the necessity for imposing restrictions will apply. In fact, if only for financial considerations, it is extremely unlikely that, at any rate in any thickly-inhabited area, the restrictions permitted by the Bill will ever be imposed in their entirety. Now, however, that we propose to postpone all acts of demolition until after the award, the preliminary survey will, in most cases, enable us to give precision to the investigation by specifying in the notice itself such acts of demolition as it is intended to perform. Of course, it is not always possible to foretell, before demolition commences, every single item requiring removal. On the contrary, it may well happen that the removal of one obstruction first discloses the existence of another or, at any rate, shows the necessity for its destruction. According to the revised Bill, acts of demolition must still be completed within a period of six months, though this period is now to date, save in emergent cases, from the making of the award instead of the initial notice. Provided that this time-limit is not exceeded, it would be neither necessary nor convenient, in the cases contemplated, to recommence by a fresh declaration of the necessity of imposing restrictions, and we propose, therefore, to declare that, in such circumstances, it will be sufficient to issue a supplementary notice upon which a subsidiary award will follow."

The Hon'ble RAI BAHADUR P. ANANDA CHARLU said:—"This Bill, when it becomes law, will confer a giant's power. It is the besetting sin of

[*Rai Bahadur P. Ananda Charlu ; Mr. Gokhale.*] [20TH MARCH, 1903.]

such power to be tempted to use it tyrannously like a giant³; for, after all, most men are despots at heart. Against measures such as this, two courses are open: (1) to refuse the power and (2) to confer it but provide adequate safeguards to keep it in check and to prevent its exercise, except when a *real* emergency arises and within the strict limits of such emergency—and not merely to gratify notions of symmetry. The authorities, competent to speak on the subject, say that the power is needed; and I for one find myself unable to see a clear case to the contrary. The first course is therefore out of the question. Then there is left the second alternative to take. It is not enough that statutory safeguards are provided. It is not the law so much as the manner of administering it that produces most evil. Good laws may be administered harshly and be rendered ineffectual in practice. Bad laws are often robbed of the sting by tempering them with mercy and due and sympathetic regard for what suffering, mental and material, they may inflict. Military men are pre-eminently men of action. With them to think is to believe, and to believe is to act. By their very training, all sentiment and consideration outside the limits of the duty before them are out of the question and rightly too. They are disciplined to look on one and not on both sides of questions. Herein lies the secret spring of danger.

“I trust that it will never become necessary to use the power taken under this piece of legislation and that, if ever an occasion should arise for its exercise, recourse would be had to it as the last resort and by men, who might feel the full sense of the homes it would efface and the property it would demolish, regardless of associations and affections of years.”

The Hon'ble MR. GOKHALE said:—“My Lord, I desire to say just one word about th's Bill before it is passed into law. In signing the Report of the Select Committee, I appended a few observations of dissent in regard to the provision introduced by the Committee for cases of emergency. My position was this:—under the Bill as originally drafted, fourteen days' previous notice was obligatory in all cases—emergent as well as ordinary—before a house could be entered and demolished. Now it was felt that though such notice was sufficient to enable the occupier to remove his family and moveable property to another place before the demolition of his house, there was no justification in ordinary cases for Government claiming the power to demolish a building and practically destroying all trace of it before the amount of compensation was determined. And Government have recognized the force of this objection by modifying the original provision as far as it was applicable to ordinary cases, and the Bill, as

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amended by the Committee, requires the amount of compensation to be determined by the Collector before demolish can take place. But while the original provision has thus been made more liberal and reasonable in ordinary cases, it has at the same time been made more stringent in cases of emergency where the fourteen days' notice as originally contemplated has now been dropped. And my contention was that, if the framers of the Bill were at one time satisfied that there was no objection to providing a fortnight's notice even in cases of emergency, no fresh reasons were adduced for doing away entirely with the notice in the amended Bill. I think, my Lord, that even in cases of emergency it ought to be possible for the Military authorities to give some notice to the occupier before he is turned out bag and baggage and his house demolished. For even under the amended Bill the previous sanction of the Governor General has to be obtained and a notification in the local Government Gazette issued before demolition can take place ; and these steps would surely take some time ; and if the emergency can wait for these preliminary steps being taken, surely it may also admit of a few hours' previous notice being given to the occupier. However, I recognize that it is extremely difficult and may sometimes prove extremely inconvenient to provide in express terms any particular period of notice as obligatory in all cases of emergency, and I have therefore refrained from moving any amendment on the present occasion. But I earnestly trust that in the rules which Government will frame under this Act, as in any general instructions which they may issue to the Military authorities in the matter, care will be taken to ensure the giving of some previous notice to an occupier before he is turned out of his house in exercise of the powers conferred by this Act. With these few words I support the motion that the Bill, as amended by the Select Committee, be passed."

The motion was put and agreed to.

PROBATE AND ADMINISTRATION BILL.

The Hon'ble SIR DENZIL IBBETSON said:—"Before I move that the Report of the Select Committee upon the Probate and Administration Bill be taken into consideration, I think it well to offer a few words of explanation upon a purely technical point, regarding which there has been, and apparently still is, a certain amount of misunderstanding.

"The Chamber of Commerce at Karachi were anxious, and I think naturally and rightly so, that the power of granting probates with effect all over British India which is at present enjoyed by Chartered High Courts, and by some others, and which we now propose to extend, within certain narrow limits, to District Judges, should be enjoyed by the Sadr Court of Sindh in the same

way as if it were a Chartered High Court. This proposal was supported by the Bombay Government ; and we not only accepted it, but extended it. It seemed to us that every Court which is the highest Court of civil appeal for the province within which it exercises jurisdiction should have the same extended powers in this matter which are enjoyed by Chartered High Courts, and we made proposals to that effect in Select Committee, and the Bill was amended accordingly.

“ But we do not seem to have made the nature and effect of our amendments as clear as we might have done in reporting them to Council ; and we have received a telegram from the Bombay Government reminding us that a mere alteration of the preamble will not affect the substantive law, and asking us either to define a High Court so as to include the Sadr Court, or to make some other provision with equivalent effect in the actual body of the enactment. It becomes therefore necessary to explain more fully what we have done, and its effect.

“ We had two Acts to deal with, the Probate Act and the Succession Act. The proviso to section 59 of the Probate Act (V of 1881) provides that probates granted by a High Court established by Royal Charter, or by the Chief Court of the Punjab, or by the Court of the Recorder of Rangoon, shall take effect throughout the whole of British India. For this proviso we have, by clause 3, sub-clause (1), of our Bill, substituted another, which directs that all probates granted by a High Court shall so take effect. The original Succession Act (X of 1865) made no provision for any probate having effect outside the province. But the effect of two amending Acts, Act XIII of 1875 and Act II of 1877, the later of which defines the expression ‘ High Court ’ as used in the earlier, is to provide that probates granted by a High Court established under the 24 & 25 of Victoria, Cap. 104, or by the Chief Court of the Punjab, or by the Recorder of Rangoon, shall take effect throughout the whole of British India. We have, by clause 4 of our Bill, repealed both these amending Acts, thus restoring the main Act of 1865 to its original state. We have then, by clause 2, sub-clause (2) of our Bill, added a proviso which directs that all probates granted by a High Court shall take effect throughout the whole of British India.

“ We have thus brought the two Acts into correspondence, both providing that a probate granted by any High Court, but by a High Court only, shall take effect throughout British India ; and the only question that remains is, what is to be understood by the expression ‘ High Court ’ as used in both of them as thus amended by us, now that we have repealed the Act of 1877 which gave it a special meaning ? The answer is to be found, as regards the Succession Act,

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in section 3 of the original Act, and as regards the Probate Act, in section 3, sub-section (24), of the General Clauses Act (X of 1897), both of which define 'High Court' as meaning the highest Civil Court of appeal in any particular part of British India. But, by section 1 of Bombay Act XII of 1866, the Sadr Court is declared to be the highest Civil Court of appeal in Sindh, and is thus included within the expression 'High Court', and will be invested with the extended powers that are desired for it if the Bill is passed into law.

"I am sorry to have had to inflict such a long and technical explanation upon the Council; but it seemed only right, in courtesy to the Bombay Government and to the Karachi Chamber of Commerce, to show that their very reasonable recommendation had been accepted and acted upon.

"I now move that the Report of the Select Committee be taken into consideration."

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill, as amended, be passed.

The motion was put and agreed to.

INDIAN TEA CESS BILL.

The Hon'ble SIR MONTAGU TURNER moved that the Report of the Select Committee on the Bill to provide for the levy of customs duty on Indian tea exported from British India, and to amend section 5 of the Indian Tariff Act, 1894, be taken into consideration. He said :—"I will refer briefly to the alterations which have been made by the Select Committee.

"It is recommended that one of the Members of the Tea Cess Committee, to whom will be entrusted the management of the funds, shall be nominated by the Madras Chamber of Commerce, while clause 5 of the Bill, referring to the application of the proceeds of the tea cess, has been amended so as to allow of monies received from the Native States of Cochin and Travancore being dealt with by the Committee of Twenty. It has been provided that an appeal shall lie to the Governor General in Council should the Government Auditors disallow any item of expenditure by the Committee, and finally it has been laid down in clause 7 that rules to be made under the Bill shall be referred to the Committee for their remarks before being passed into law.

"I regret that our Hon'ble Colleague Mr. Bolton has found it necessary to record a note of dissent on this last proposal on the grounds—

first, of inconsistency with the new sub-clause (2) of clause 7, which provides for the making of rules relating to the nomination and appointment of members of the Committee;

second, that it is undesirable to introduce an amendment which might seem to place the Governor General in Council in some degree of subordination to the Committee, and that such a precedent may be embarrassing in the future.

"But I contend there is no inconsistency. The Tea Cess Committee must first come into existence before they can be consulted. They will, in terms of clause 4, be appointed by the Governor General in Council on the recommendation of various public bodies referred to in sub-clause (2) of that clause. After the Committee has been appointed the necessary rules for the working of the Bill will have to be considered, and amongst them the rules for nomination and appointment of members to fill up vacancies in the Committee as they may occur.

"Further, the suggested procedure of referring proposed rules to the Tea Cess Committee before publication only follows out the idea already adopted in the case of the Mines and Electricity Acts, where it has been provided that rules to be issued by the Government of India or by the Local Governments shall first be considered by the Boards appointed under those Acts respectively.

"The intention in both cases is to take advantage of the expert knowledge or experience of the members of the Boards or Committees as the case may be. The idea of subordination need not come into consideration at all."

The motion was put and agreed to.

The Hon'ble SIR MONTAGU TURNER moved that the Bill, as amended, be passed. He said:—"It has been argued that this Bill, which I hope will now pass into law, will form an awkward precedent for the taxation of other industries by the Government of India, and that possibly the Government of India at some future date may attempt to divert the proceeds of the tea cess to Imperial purposes. As regards the latter point, before this could happen, a new Bill would have to be introduced, and an opportunity would be given to those interested to express their views on the subject. As regards the forming of a precedent for similar legislation, it has been made

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clear by the Government of India, in their correspondence with the Committee of the Tea Association, that they only agree to the legislation in view of the very special circumstances attaching to the case, one such circumstance being an assenting majority of over three-fourths of the payers of the levy. Nor is it likely that exactly similar circumstances will arise in regard to other industries. The Bill simply gives the active support of Government to the co-operative principle of advertisement and other measures tending to the advancement of an industry affording employment to a considerable number of Europeans and to native labourers, some 650,000 of whom are employed in the tea districts. This principle and these measures are not new in themselves and the novelty—novelty to India but not to the Empire—of which so much is made is confined to the method of collecting the tax.

“The effect of the operation of the Tea Cess Fund, it is hoped, will be the opening out of new markets and further developing the areas already occupied, all of which will be effected not at the expense of the general tax-payer, but by collections made from the members of the industry concerned.

“The part to be played by Government is simple enough. It will be to collect the funds and return them to the Tea Cess Committee. The object is simple and so are the provisions of the Bill, and further there is this advantage, the legalised cess being shared in by all will be much fairer than the voluntary fund which has been made at the expense of only a proportion of those engaged in the tea industry, although the benefits arising from the working of that Fund have been shared in by all. The legalised cess will secure a regular revenue for the working of foreign markets; it will enable the Committee to lay down definite lines on which they can shape their forward policy, and at the end of the term for which the Bill will be passed into law, it will show, I trust, that the results of the working of the Tea Cess Committee have fully justified those who have memorialised the Government to pass this Bill and Government in meeting the prayer of the memorialists.

“On a previous occasion I referred to the advantage gained in Ceylon by the imposition of a similar tea cess in that Island, and I may perhaps quote a few words from a letter addressed some months ago by a Ceylon Merchant to the Committee of Thirty when the question was discussed as to whether the rate of the cess should be increased. This gentleman wrote as follows :—

“‘Dealing with the further argument that no increase in the Ceylon Cess should be made until India gets her cess, Ceylon’s reply to this should be, the longer India is short-sighted enough not to have a cess the better Ceylon men should be pleased. Instead of being partners, India and Ceylon are competitors, and the present advantage

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held by Ceylon is entirely due to its cess. Why therefore ask your competitor to share in this trade rather do what we can to prevent their having a Cess.'

"Now that the cess will be introduced into India, may we not express the hope that India and Ceylon should join hands, and work together for the development of the tea industry both of India and Ceylon in all parts of the world?"

The Hon'ble RAI BAHADUR P. ANANDA CHARLU said:—"There is indeed a considerable plausibility about this measure, I may even say a seductiveness, promising, as it does, the development of an industry in a country where, seeing what a pass it has come to, growth and multiplicity of industries seem to be at a tremendous discount and yet the only saving grace. But I must confess to serious misgivings as to this particular industry and as to the particular form of stimulating it. To develop is rather an ambiguous phrase, and results might follow which are of dubious benefit. If it be to put tea in the place of what Your Excellency forcibly called the vile stuff which goes down the throats of men, it would do decided good. It might do a still greater good and even prevent crimes and brutal misdemeanours, if it would materially minimise the use of the viler stuff which may or may not soothe but, too surely, inebriates. I am quite clear that every encouragement should be given to quicken consumption in both these two ways. But if action is to be taken to throw tea broadcast so as to make it to insinuate itself excessively into village life and into places where neither the vile stuff nor the viler stuff is now the fashion, then the result will be the reverse of beneficial; for it would introduce expensive habits by necessitating an additional jug of milk and an additional lump of sugar—possibly to these articles being stinted where they are more necessary and in respect of members of family for whom they are primarily essential. There is already a growing disposition to belittle the credit which has traditionally belonged to masses of this country—the credit for thrift, which in many cases is carried to the borders of parsimony. The acquaintance with, and the taste for, this fresh beverage may emphasise that disposition, and lay them open to a real charge of extravagance. I will not speak here of its enervating effects and the danger of its bringing in its wake, by insensible degrees, other and more expensive and deleterious potations, which are unhappily coming into fashion with a few but happily beyond the ken of many as yet. Thus, it seems to me that, so far as pushing tea into the country internally is concerned, the result will be either meagre or harmful. As to extending its range outside this country, the bulk of exporters will have but a modest share in it, and they will have to pay all the same, possibly for the

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benefit of those who are smitten with a more speculative spirit of enterprise and who have overproduced or may overproduce and may yet grudge that all the cost of forcing it into distant and yet unopened markets should come from them alone, as it should rightly do. If the modest and unambitious exporters are to be laid under contribution towards a cost of *this* sort, they will naturally demur if left free to agree or disagree. In such a case, a tax upon them would virtually be to coerce the cautious many into paying for the benefit of the adventurous few. I cannot, do what I may, get rid of these objections, to which the Bill seems to me only too open. But I should indeed be glad if this Bill, which is to become law to-day, would, in practice, undo my fears and prove me to have been a false prophet."

The motion was put and agreed to.

VICTORIA MEMORIAL BILL.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill to provide for the erection and management of the Victoria Memorial at Calcutta be taken into consideration. He said :—"No objections to, or criticisms upon, our proposals have come to my notice, either in the Press or elsewhere; and I think we may safely conclude that they commend themselves to the public which is concerned."

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill be passed.

The motion was put and agreed to.

The Council adjourned to Wednesday, the 25th March, 1903.

CALCUTTA;
The 24th March, 1903. }

J. M. MACPHERSON,
*Secretary to the Government of India,
Legislative Department.*

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Wednesday, the 25th March, 1903.

PRESENT :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Mr. J. A. Bourdillon, C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale.

The Hon'ble M. R. Ry. Panappakkam Ananda Charlu, Vidia Vinodha Avargal, Rai Bahadur, C.I.E.

The Hon'ble Mr. L. P. Pugh.

The Hon'ble Sayyid Husain Bilgrami.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Sir M. C. Turner, Kt.

The Hon'ble Mr. G. C. Whitworth.

The Hon'ble Mr. R. F. Rampini.

The Hon'ble Mr. G. F. T. Power.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. A. W. Cruickshank, C.S.I.

His Highness Raja Sir Surindar Bikram Prakash Bahadur, K.C.S.I., of Sirmur.

His Highness Agha Sir Sultan Muhammad Shah, Agha Khan, G.C.I.E.

The Hon'ble Mr. C. W. Bolton, C.S.I.

QUESTIONS AND ANSWERS.

The Hon'ble RAI SRI RAM BAHADUR asked :—

“ 1. Will the Government be pleased to state—

(a) Whether its attention has been drawn to what purports to be a report of the proceedings of a Conference of Government Railway officials

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held at Delhi on the 2nd January, 1903, reproduced in the *Amrita Bazar Patrika* of March, 16th, 1903, from the columns of a vernacular newspaper called the *Sanjibani*.

- (b) Whether any such Conference was really held, at which the officers named below were present :—

Mr. C. W. Hodson, Officiating Secretary, Public Works Department, Railways ; Colonel Wilson, R.E., Director of Railway Traffic ; Mr. Finney, Manager, North-Western Railway ; Mr. Bagley, Engineer-in-Chief, North-Western Railway ; Mr. O'Donoghue, Examiner, North-Western Railway ; Mr. Burt, Manager, Oudh and Rohilkhand Railway ; Mr. Cardew, Locomotive Superintendent, Oudh and Rohilkhand Railway ; Mr. Rainier, Officiating Traffic Superintendent, Oudh and Rohilkhand Railway ; Mr. Vining, Traffic Superintendent, Eastern Bengal State Railway ; Mr. G. H. LeMaistre, Assistant Secretary, Public Works Department (Secretary).

- (c) Whether the following resolutions were passed at the meeting :—

Resolution I.

That the Anglo-Indians can be suitably provided for in the following classes of employment :—

1. Engineering—

- (a) Permanent Way Inspectors, Sub-Inspectors and apprentices.
- (b) Interlocking Inspectors, Sub-Inspectors and apprentices.
- (c) Inspectors and Sub-Inspectors of Works.

2. Locomotive Department—

- Running Staff.
- Drivers and Foremen.
- Carriage Examiners.
- Workshop Staff
- Fitters, Boiler-makers, etc., and shop apprentices.

3. Traffic Department—

(a) Station Staff—

- I. Station-master, Assistant Station-master, Cabin Signalmen and Signallers.
- II. Monofiremen, Shunters, Shed-Inspectors, Ticket-Collectors, Gate-Keepers, etc.

(b) Inspecting Staff—

- Traffic Inspectors.

(c) Running Staff—

- Guards and Brakesmen.

4. Account and Audit Department—

- (a) Travelling Inspector, Apprentices and Stock Verifiers.
- (b) Press Compositors and Examiners.

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5. Store Department—
Sub-Store-Keeper.

6. Clerical Establishment in all Departments. All clerks on pay above Rs. 30 a month.

Resolution II.

That it is desirable to collect statistics showing the actual distribution by nationality of the different classes of staff detailed in the Resolution I. This information should be given in the following groups:—

Europeans.
Anglo-Indians.
Parsis.
Hindus.
Muhammadans.

Each group should be sub-divided according to pay drawn in the following manner:—

Rs. 30 and below.
Rs. 31 to Rs. 50.
Rs. 51 to Rs. 100.
Above Rs. 100.

Resolution III.

That it is desirable that the Manager of each Railway should make a specific recommendation as to what additional number of Europeans and Anglo-Indians, over and above those now actually employed, he is prepared to employ in each of the different classes of works referred to in the foregoing Resolution, having regard to the object of this meeting as defined in the Memorandum issued with the Director of Traffic's demi-official of 23rd December, 1902, to the address of Managers of State Railways.

Resolution IV.

That an estimate of the additional cost of carrying out the Resolutions made by each Manager in accordance with Resolution III should be submitted for the information of the Government of India.

Resolution V.

That it is desirable to encourage all Railway Volunteers to require and keep up a knowledge of Telegraph Signalling.

(d) Whether the following circular letter has been addressed to the Managers of the different Railways:—

No. 290R.E., dated 18th February, 1903. Government of India, Public Works Department, Railway Establishment.

To
Manager—

I AM directed to forward for your information the minutes of a meeting held at Delhi on the 2nd January, 1903, to consider the question of the larger employment of

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Anglo-Indians on Railways, and to request that the statistics of employés required under Resolution II of the meeting may be collected in the accompanying form, and submitted for the information of the Government of India, together with a definite recommendation as to the additional number of Anglo-Indians you would be prepared to employ and an estimate of the additional cost your proposal would entail—*vide* Resolutions III and IV.

2. I am also to draw your attention to Resolution V, and to request that you will consider and report on the most effective manner of securing the desired result.

“2. Will the Government be pleased to lay on the table the memorandum issued with the Director of Traffic’s demi-official of 23rd December, 1902, to the address of Managers of State Railways, alluded to in Resolution III?”

“3. Will the Government be pleased to state if the recommendations referred to in Resolution III have been received, and whether the Government considers it advisable to take any, and if so what, action on those recommendations?”

The Hon’ble MR. GOKHALE asked :—

“1. Has the attention of Government been drawn to the publication, in some of the Calcutta papers, of what purports to be a circular letter from the Government of India to the Managers of State Railways, No. 290 R. E., dated 18th February, 1903, Government of India, Public Works Department, Railway Establishment, forwarding the minutes of a meeting held at Dehli on the 2nd of January, 1903, to consider the question of the larger employment of Anglo-Indians on Railways, and asking for a definite recommendation from the Managers as to the additional number of Anglo-Indians they were prepared to employ and an estimate of the additional cost the proposal would entail?”

“2. If the letter has been correctly reproduced, or if it represents facts with substantial accuracy, will Government be pleased to state under what circumstances the Delhi Railway Conference of 1903 came to be held, and how the question of the wider employment of Anglo-Indians on railways came up before it?”

“3. Will Government also be pleased to state on what grounds their present decision to secure a wider employment of Anglo-Indians on railways has been arrived at?”

The Hon’ble MR. ARUNDEL replied :—

“A demi-official Conference was held at Delhi on the occasion of the Coronation Durbar, at which the various Railway Managers whose names have been mentioned met to discuss certain representations that had been received from

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the Anglo-Indian Association concerning the employment of Eurasians upon Indian railways.

“The proceedings of this Conference were subsequently circulated to the Managers of the Railway Companies in the letter to which the Hon’ble Members have referred. But the Government of India have taken no action in the matter. The proceedings of the Conference have not even been submitted to their notice, and no decision of any sort has been arrived at.

“In these circumstances, it is not considered necessary to publish the memorandum referred to by the Hon’ble Rai Sri Ram Bahadur, seeing that it has not received official sanction.”

INDIAN INCOME-TAX (AMENDMENT) BILL.

The Hon’ble SIR EDWARD LAW moved that the Bill further to amend the Indian Income-tax Act, 1886, be taken into consideration.

The motion was put and agreed to.

The Hon’ble SIR EDWARD LAW moved that the Bill be passed.

The motion was put and agreed to.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1903-1904.

The Hon’ble SIR EDWARD LAW moved that the Financial Statement for 1903-1904 be taken into consideration.

His Highness THE AGHA KHAN said:—“My Lord, I must first most cordially congratulate the Government of India on the financial results of the year, which I venture to say prove that there is a steady though slow progress in the material prosperity of the country, and I must acknowledge the wise, liberal and sympathetic manner in which the Hon’ble the Finance Minister has dealt with the various economic problems relating to this Empire. It is almost needless for me to assure Your Excellency that there is universal joy, gratitude and satisfaction throughout India that Your Excellency’s Government has in the same year reduced both the most pressing taxes which fall on the shoulders that are least able to bear the burdens of Empire. I must also add that it is almost universally hoped by the people of this country that the present reduction of the salt-tax is the beginning of a series of annual reductions that will in a few years totally wipe out this tax, which by its very nature presses with undue

severity on the poorest of the poor, while it practically does not affect the rich and the well-to-do. My Lord, as to the raising of the income-tax exemption to Rs. 1,000 per annum, there is no doubt that it will be a great boon to the lower middle classes, and all I beg to add is the hope that Your Excellency's Government may be in a position next year to raise the limit to Rs. 1,200 a year and thus carry out the suggestion made by the Hon'ble Sir Montagu Turner last year.

"My Lord, as to the various items of expenditure, it is in my humble opinion a cause of regret that year after year passes and no serious effort is made out of the Imperial Exchequer to raise the standard of intelligence of all classes throughout India. In this age of severe competition the more intelligent and the better educated peoples will slowly but surely gain the capital of the ignorant nations, and as the natural and necessary result of their better mental equipment become the creditors of the backward peoples. My Lord, is it right that under these circumstances and in this age the vast majority of Indian children should be brought up without possessing even the rudiments of learning?

"My Lord, while the British Government in the United Kingdom and the Governments of all the Australian Colonies and of not only great Powers like Germany, France, Austria-Hungary, Italy and the United States but of such nations as Japan, Mexico, Peru, Portugal, Spain, Roumania, Servia and Bulgaria, have adopted compulsory and free primary education for all, the number of illiterates in India according to the census of 1891 was 246,546,176, while those who could read or write was only 12,097,530. My Lord, has not the time come for the commencement of some system of universal primary education such as has been adopted by almost every responsible Government? The extreme poverty of this country has recently been much discussed both here and in England, and all sorts of causes have been found and given to explain the undoubted fact. But, my Lord, in my humble opinion the fundamental cause of this extreme poverty is the ignorance of the great majority of the people, and I venture to add that if by some miracle the angel of peace descended on earth and the military establishments of the Powers disappeared like a mirage and all the gold and silver of Africa and America flowed into this country, yet as long as the present general ignorance of the masses prevailed, in a comparatively few years we would find that the precious metals had returned to the earth and the saving from the military taxes blown into the air in the form of lights and fireworks.

"My Lord, with the ever present fact that this country is advancing very slowly as compared to Europe and America, has not the time come for taking

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a bold and generous step towards some system of universal education suited to the conditions of the various Provinces of the country ?

“ Again, my Lord, great efforts are being made in Europe and America towards making higher technical and scientific education general and popular. My Lord, I respectfully venture to suggest that numerous establishments be founded all over India teaching the people by the most scientific and modern methods how to convert the many dormant resources of the country into capital, and even with all this extra expenditure for primary and technical education, there ought to be also an increase in the grants devoted to higher literary education, so that the intellectual and moral development of the people may keep pace with its increased material prosperity.

“ My Lord, it may well now be asked, where is the money to come from ? My Lord, I am one of those who feel profoundly convinced that the first duty of the Government of India as the guardians of this country to the people of India is to maintain the military power of this Empire at such a standard of numerical strength and efficiency as to make not only the success of a war with Russia a foregone conclusion but so as to prevent even the most chauvinistic of Russian Tsars from interfering with our many legitimate political and commercial interests in the various independent Asiatic States that border our vast and extended frontier. My Lord, however, if methods could be found by which, without reducing either the effective strength of the Army in time of war or from its efficiency as a military instrument, Government could at the same time reduce the burden of the military budget, I think no considerations of trouble or labour in bringing about such a result ought to be allowed to prevail as against the fact that it will enable the Government of India to devote so many millions a year towards a system of national education. Here I may say, my Lord, that I recognize that no reduction in the number of British troops in India is for the present possible. But with the Indian Army the case is different. First of all, if short service was introduced and a system not only of regimental reserves but of a permanent territorial reserve was formed, it could be brought about that though the peace establishment of the Indian Army and its cost would be less than at present, yet its effective strength in time of war would be greater. This is the system adopted by almost every European Government, including Russia and Turkey, and also by Japan. My Lord, another step which I would respectfully urge not only from the standpoint of economy but also from that of political expediency as also in the interests of justice is that a certain and limited number of the scions of the noblest houses of India such as have passed through the Imperial Cadet Corps be granted commissions in the

Indian Army. Your Excellency, by creating the Imperial Cadet Corps, has shown not only your generous sympathy with the aristocracy of India, but by an act of far-seeing statesmanship demonstrated your anxious solicitude that honourable careers may be open to the younger members of ruling families and the noblest houses of India. But, my Lord, the formation of the Imperial Cadet Corps has not only caused general rejoicing and gratitude specially amongst the aristocracy, but also has raised hopes that some at least of the most successful cadets will be nominated to commissions in the Indian Army. I most earnestly beg of Your Excellency that, if possible, a definite undertaking be given that at least some of the most successful cadets will thus be given commissions so as to fulfil the expectations that have been formed. My Lord, to permanently exclude all the upper classes of British India from ever serving their Emperor in the defence of their own country is, I venture to submit, incompatible with those noble principles of justice and generosity which have all along been accepted as determining the character of British rule in India.

“ There is one more suggestion in this connection that I would like to make in common justice alike to the taxpayers of British India and the Rulers and subjects of Native States. The suggestion is that after the glorious and soul-stirring ceremony held at Delhi it will be an act of wise statesmanship not to allow the spirit of solidarity and common interest which was witnessed there to remain unutilized for the welfare of the Empire. My Lord, as things stand at present, the Imperial Army is bound to defend not only British India but the whole country, including the Native States. This, I submit, is unjust alike to the people of British India as also the Rulers of Native States, for the burden of meeting the entire expenditure of the Imperial Army falls at present exclusively on the taxpayers of British India, while on the other hand the Rulers of Native States—representatives of ancient and warlike dynasties, in whom the cherished traditions of a chequered past are still preserved—are precluded from taking their legitimate place in the defence of this great Empire. Of course, my Lord, I am aware of the existence of the Imperial Service Troops, but their numbers are much smaller than the proportion according to population that would have to be maintained by the Native States if in India there was a system of recruiting according to population or territorial extent. My object in mentioning this is not to suggest that an additional burden be imposed on the shoulders of Native States nor that any Imperial bills be presented to the Rulers of these States for payment. But when, my Lord, as at present, a large irregular armed force is maintained by the various Rulers and a large expenditure is borne by their subjects, it is (specially after the great Imperial ceremony at Delhi, when the collective devotion of the whole of

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India to the person and throne of the King-Emperor was declared to the world) clearly to the welfare of both the Imperial and feudatory Governments to bring this armed but practically wasted force not only to the highest standard of efficiency but also to bring it within the system of Imperial defence, of course under the direct peace and war command of His Excellency the Commander-in-Chief.

“ My Lord, to make such a force really efficient and to win for it the confidence of the public, of course it would be necessary to place a small number of carefully picked British officers in charge just as has been done with such unique success in the case of the Egyptian Army. My Lord, what has been carried out in Egypt in spite of the great difficulties connected with the British occupation of that Province and in spite of the constant intrigues of some of the Great Powers and the interference of Turkey, the Suzerain of Egypt, ought to be done easily enough with the Native States whose Rulers one and all deem it their greatest privilege to be under the paramountcy and protection of British power. My Lord, I admit this proposal as submitted on the present occasion will appear to be the crude and visionary fancy of an irresponsible dreamer, but the presence at the present moment at the head of the Indian Army of the great and most distinguished General who carried out those remarkable reforms in the Egyptian Army and raised even the despised fellaheen to be trustworthy and loyal troops worthy of fighting by the side of the flower of the British Army emboldens me to hope that this proposal may commend itself to Your Excellency's Government. My Lord, this method of placing the whole of their forces under the direction of the Imperial Commander-in-Chief and under the control of superior officers nominated by the Imperial Commander-in-Chief was accepted after the unification of Germany by the Rulers of Saxony, Wurtemberg, Baden and all the other smaller States of the German Empire. Yet the Rulers of these States had been up till then Rulers of International Sovereign States and the equals of the Kings of Prussia. But with Imperial unity it was at once accepted by all as a self-evident axiom that there could be no particularism in military affairs. What was found necessary by all the Rulers of German States is, I venture to suggest, equally necessary in India, only even more so. Here there are no International Sovereigns, no equal allies, but one and all feudatories and tributaries, proud to acknowledge in a spirit of whole-hearted loyalty and devotion the absolute paramountcy of the Imperial Government. My Lord, then why should this particularism in military affairs, which means in practice burdening the Imperial Exchequer with maintaining a larger force than its proper share and at the

same time burdening the treasuries of the feudatories with the cost of a force that is practically useless for its only use, namely, Imperial defence, be allowed to continue? My Lord, such a system as has been suggested above would of course add enormously not only to the influence of the Rulers of these States, but would make them important participators in the responsibility and privilege of fighting for their Emperor and defending their own country. My Lord, I fear that this suggestion may perhaps be misapprehended in certain quarters, but I would appeal to the patriotism of the Rulers of the Native States and ask them to consider whether such a course will not in the end be found to be in the best and highest interest of all—preventing a considerable waste of resources which are sadly needed in the present state of the country for the great work of national education and bringing appreciable relief to the Exchequers of both the Imperial Government and the Native States. Of course, my proposition implies that in proportion as the irregular troops of Native States are brought under the supervision of British officers to the standard of efficiency and included within the regular system of Imperial defence, the Indian Army maintained by the Imperial Government will be correspondingly reduced.

“My Lord, every care must of course be taken that such reorganized troops of each Native State would wear the uniforms of their own State and carry the colours of their Chief and all the traditional emblems associated with each princely House. The Chiefs, moreover, would be able to command the allegiance of the troops not merely as Rulers but also as their Honorary Commanders. I think, my Lord, such an arrangement will greatly enhance the dignity and prestige of the several Chiefs. Again, my Lord, if the personal inclination of the Ruler was, as it probably in the great majority of cases will be, towards an active military life, he could by studying military science become also the active Commander of his troops and with the advice of the British officers supervising his troops be able to command his own men in time of war. This would be, if I am right, analogous to the position of the German ruling Princes towards their own particular army, and what has been done with such conspicuous success in Germany may, there is every reason to hope, be achieved with equal success in India. My Lord, the spirit of unity which moved the German Princes during the ceremony held in the Hall of Mirrors to this day breathes through the German system of defence. Is it too much to hope that that spirit of loyalty and devotion, which was so evident in the great ceremony at Delhi, may live for ever in India as an active force in our system of Imperial defence, and out of it may come not only a greater military power under the control of the Imperial Government than at present,

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but also release for both the Imperial Government and the Native States the resources by which they can through systematic education raise the whole standard of general intelligence and advance the moral welfare and the material prosperity of this great country?"

His Highness THE RAJA OF SIRMUR said :—"It is not necessary for me to enter into any detailed remarks on the present occasion, but I cannot refrain from congratulating your Lordship's Government on the prosperous condition of the finances of India as exhibited by the Budget Statement for the coming year, which was presented to the Council by the Hon'ble the Finance Member last week. The concessions which the Government have made in the income-tax by raising the present minimum sum liable to the tax and in the salt-tax by reducing the rate of duty are very gratifying to the country at large.

"The abolition of the pandhari-tax in the Central Provinces and the remission of two crores of rupees on account of arrears of land-revenue in the districts distressed by famine were the features of the Budget for the closing year, and the additional benefits now conferred will be the cause of general satisfaction."

The Hon'ble MR. CRUICKSHANK said :—"My Lord, on the rare occasion of the presentation to the Council of a Prosperity Budget, such as that which has lately been explained by the Hon'ble Sir Edward Law, it is fit that I should offer the warm congratulations of the United Provinces to Your Excellency's Government. It is also fit that I should confine my remarks to the main questions, rigorously excluding facile criticism or discussion of minor points.

"In the Budget for 1903-1904 the probable income from the various heads has been estimated in a very practical manner; and, unless phenomenally adverse seasons intervene, the forecast should not prove to have been too hopeful.

"In it ample provision has been made for all necessary civil and military expenditure that can be foreseen. At the same time the golden opportunity has at length been taken of restricting the possibility of incurring any undesirable or infructuous expenditure by diminishing the probable surplus to the extent involved in the granting of two long-desired palliations of taxation. The first, the reduction of the salt-tax by 20 per cent., will be joyfully welcomed by the whole of India, for the ultimate effects of this reduction in taxation of a necessary of life will reach to the humblest home.

"The second, the abolition of income-tax on incomes of less than Rs. 1,000 per annum, will relieve a very large number of tax-payers from an impost they can ill afford. Poverty is a relative term, but for purposes of direct taxation

those who exist on slender incomes of less than £66·6 per annum are relatively poor, and they deserve, as they will appreciate, this timely relief.

“It is plain from paragraph 187 of the Financial Statement that the Local Governments will not be losers by the ensuing reduction in the figures of Receipts from assessed Taxes. It is satisfactory to note the evidence of a general return to more prosperous times derivable from the Budget figures for 1903-1904 under the head ‘Receipts from Land Revenue’, an item of income to which the United Provinces contribute a larger sum than any other Province in India.

“The stress of years of famine recently experienced has, however, left traces in some of the distressed tracts—notably in Bundelkhand—that will not be obliterated for many years.

“For a much longer period will be remembered by the grateful land-holders and tenants throughout the distressed tract the beneficence of the Government of India in the matter of the recent liberal remission of unrealized balances of land-revenue.

“The proposed legislation to rehabilitate the encumbered estates of Bundelkhand and to exempt land belonging to members of an agricultural tribe from sale in execution of a decree should do much to renew the fortunes of the proprietors in this tract. This end will be further forwarded by the revision of the basis of the demand of Government revenue and the introduction of a system of demand varying almost automatically with the extent of cultivation and the character of the seasons and harvests. The re-settlements of land-revenue recently made in some districts of the United Provinces—and those in progress or to be commenced—will not, in all probability, result in such large proportionate increases of revenue as have resulted in other districts re-settled in former decades on more rigorous systems. It is not, moreover, likely that other sources of income now at the disposal of the Local Government will yield an increase in at all the same proportion as the necessary expenditure will increase on Police, Education and other Departments of Administration in which improvement is of vital importance.

“The continuance in the Budget of 1903-04 of special grants to the Local Governments to some extent illustrates the inadequacy of the sum allotted to the Government of the United Provinces under the existing Provincial Financial Settlement. I need not re-state the pleas urged in the Budget Discussion of last year for a very much larger allotment to the United Provinces. It is to be hoped that when the Financial Settlement of the Provincial Grant from the Government

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of India to the United Provinces—for the next contractual period—is finally sanctioned, the financial outlook of the Government of India may be as unclouded as now.

“ The cane-growers and sugar-manufacturers of the Meerut and Rohilkhand Divisions especially and of other parts of the United Provinces are deeply interested in the question of countervailing duties. In this matter they must feel that the Government of India have done all that could be reasonably expected to uphold the interests of the Indian sugar-industry and cane-cultivation. It remains for them to attempt improved methods of cultivation and manufacture so as to compete successfully with the sugar imported from countries which give no bounty and from cane-growing countries such as Java. I regret that the bulk of the landholders and cultivators of the United Provinces are too conservative to fully adopt the hopeful views of the Hon'ble Sir Edward Law as to the future of indigo. The country folk prefer crops for which the demand is more constant and for which an effective local demand exists. For many other reasons also, they have gladly displaced indigo in favour of the other established crops, such as food-grains, cotton or cane. I have only to add that the large proposed outlay on railways appears to be abundantly justified by past experience, and that the United Provinces, which have certainly not been neglected in the past in this respect, are being well cared for in the present.”

The Hon'ble RAI SRI RAM BAHADUR said :—“ My Lord, a non-official Member is under one great disadvantage ; it does not often fall to his lot to congratulate the Government with his whole heart, however sincerely anxious he may be to do so. By furnishing such an opportunity this time, Your Excellency has earned our warm thanks. Indeed, this year's Financial Statement reveals some highly interesting and pleasant features. Remission of taxation is a feature which has not marked any Financial Statement during the last two decades ; on the other hand, burden after burden was imposed upon the people notwithstanding intense and widespread famines. Your Lordship's Government, however, has not only brought the finances of the Empire to a flourishing condition without adding to taxation, and notwithstanding 'the greatest famine of the century' with which Your Lordship began your rule, but has inaugurated a policy of financial relief, which, if followed by Your Lordship's successors in office, is bound to result in the real prosperity and progress of the country.

“ *Remission of taxation.*—It is hardly necessary for me to say that the reduction in the rate of salt-duty from Rs 8 a maund to Rs 2, and the exemption, from the payment of income-tax, of all annual incomes below Rs 1,000,

have been received with general satisfaction throughout the country. The most distinguishing characteristic of a tax like the salt-duty is its universality, inasmuch as it touches the pockets of the rich and the poor alike, and the reduction in its rate, amounting to 20 per cent., will necessarily afford relief, though in a very slight degree, to all classes of the population, and will be remembered as a happy memento of the Coronation of His Majesty the King-Emperor. It should be noted, however, that the salt-tax is not as oppressive as direct taxes are. It is the least oppressive of all our taxes, at least in the United Provinces and Bengal. The Hon'ble the Finance Minister himself acknowledges that 'it does not, at its present rate, press heavily on the mass of the people.' The wealthy people, again, need no relief in this direction. It would have been more gratifying if the Government could see its way to reduce some such tax as presses on the poorer classes more sorely than the salt-duty, for instance, the land-tax. In that event those who really need relief—I mean the vast agricultural population—might have been benefitted more appreciably than they expect to be by a reduction in the salt-tax. Besides, it cannot be said with certainty whether it is the salt-merchants or the consumers who will be benefitted most by this generous concession of the Government.

"The other form of remission of taxation adopted by Your Excellency's Government, *viz.*, the raising of the minimum limit of incomes assessable to income-tax from ₹500 to ₹1,000 is most satisfactory. The necessity of exemption from payment of income-tax, of persons of small means, who could ill afford to pay it and who not unfrequently were assessed on scanty materials, had been so widely felt, that it formed the subject of representation to Your Excellency in Council, both by the official and non-official Members, and it is highly gratifying that their representations have received a favourable response from Your Excellency. The amount of decrease, in the revenue of the coming financial year, attributable to this remission of taxation is estimated to come to a total of two crores and nine lakhs; one crore and seventy-three lakhs under salt-duty and thirty-six lakhs under income-tax.

"*Use of surpluses.*—The surplus at the close of the Financial year 1903-1904 is calculated at £948,700—a sum considerably small as compared with the surpluses of the preceding two years. But it is a matter of satisfaction that the Government has this year followed the wise policy of utilizing these surpluses in remitting taxation and thus taking away a portion of the burden from the shoulders of the highly taxed people of India, instead of devoting large portions of them to matters in which they are not directly interested. My Lord, the objects which, in all countries and specially in a country like

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India in which famines are of frequent occurrence, have a primary claim on the large surpluses are remission of taxation, reduction of the National debt, and construction of works of public utility. Unfortunately these claims cannot always receive due consideration at the hands of the Government, from the peculiar circumstances of the country. It is a matter of regret that the huge surpluses of the two preceding years were not utilized by the Government for any of these purposes. I fervently hope that the policy of utilizing surpluses for the direct and immediate benefit of the people, inaugurated by Your Excellency, will in future be followed by Your Lordship's successors.

*“Reduction of postage on newspapers.—*The proposal to reduce commission on money orders for sums not exceeding Rs. 5, which had just then been sanctioned by the Government, made the Hon'ble the Finance Member apprehensive about the result of this change on the receipts from the Post Office, and in his Budget estimates for the financial year which is about to expire, he calculated an anticipated loss of revenue amounting to £16,700, but the actual loss is now estimated to come to about £11,400 only. It is further gratifying to notice that in the postal revenue there has been a total increase of £57,000, of which no less than £47,300 comes from letter postage and money-order receipts. The gradual and steady rise in the receipts from Post Office during the past years encourages me to urge again, for the favourable consideration of Your Excellency's Government, the question of raising the weight of newspapers from 4 to 5 or 6 tolas, on payment of one pice worth of postage. The grant of this boon will be much appreciated by the general public.

*“Reduction of charges on Inland telegrams.—*My Lord, we find that there has been an increase of £51,500, over the Budget estimates, in receipts of the Telegraph Department. The rise in the revenue under this head encourages me to urge again, for the favourable consideration of Your Excellency's Government, the question of reduction of charges for inland telegrams, as has been done in the case of Foreign telegrams. A reduction in the rate of charges of Inland telegrams will benefit a very considerable portion of the Indian public, and the experience gained from the reduction of rates of the postal charges leads us to entertain the hope that no considerable diminution in the revenue is likely to occur, as the reduction in charges will give impetus to a larger number of messages being transmitted, and thus, instead of causing loss, it is probable that a rise of revenue may ultimately take place. There is another way in which reform in this matter may be effected for the benefit of the public. Instead of reducing the rates which are charged at present for each word in the three classes of telegrams, the Government may

lower the minimum of number of words from eight to four in the three different classes of messages, retaining the same rate of charges for each word, as at present.

"Agricultural Reform.—My Lord, in his review of the economic progress of the country, the Hon'ble the Finance Member has briefly noticed some of the measures recently taken for the improvement of agriculture, and he has expressed the willingness of the Government to provide funds for agricultural purposes where there is a likelihood of their profitable employment. The creation of the post of Director General of Agriculture in India, the appointment of an agricultural expert to that post, and the assignment of a large portion of the munificent donation of Mr. Phipps (to whom the people of India are grateful) for the establishment of an Agricultural Research Laboratory, show what a deep interest Your Excellency takes in the question of agricultural improvement of the country.

"In connection with this subject, however, I consider it my duty to state that the special departments of the several Local Governments, to which the task of improving and reforming agriculture in their respective Provinces is assigned, are, through circumstances beyond their control, obliged to devote by far the larger portion of their time and energy in supervising the preparation and maintenance of the land-records required by Government for its fiscal purposes, and in the collection and submission of statistics on a host of subjects, than to matters of agricultural reform and improvement. My Lord, the mere discovery of more efficient methods or the invention of, and experiments with, agricultural instruments of a superior nature, cannot alone do much towards the reform and improvement of agriculture. In order to attain this object, the Agricultural Department should adopt more efficient means to diffuse, as widely as possible, among the agricultural classes, the practical knowledge gained from scientific research and experiments, to drive home to their hearts and minds the benefits to be gained from the adoption of improved methods in ploughing their lands, in using the different kinds of manures and in selecting the best seeds for sowing. That this result has not been achieved is admitted by the Officiating Director of Agriculture in Bengal, so far as his province is concerned, in a letter dated 13th September last, addressed to the Local Government. It can safely be asserted that the remarks contained in the letter above referred to are applicable, in a more or less degree, to other Provinces also. As pointed out in that letter, absence of popular element from the organization of the department is a very potent cause of its failure to achieve the objects above described. In my humble opinion, the scheme of the creation of a Board of Agriculture for the

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Province, and the establishment of Agricultural Committees in each district, suggested in the letter quoted above, is one which deserves favourable consideration, and it may be adopted for other Provinces too, subject to necessary modifications required by their circumstances and local wants.

“Agricultural Banks.”—My Lord, the expectation of the general public has met with disappointment from the announcement made by the Hon’ble the Finance Member that he was unable at present to inform the public of any definite decision arrived at by the Government on the subject of Mutual Credit Societies and Agricultural Banks—a subject which is justly characterised by him as ‘one of the highest importance.’ It was as early as 1854 that the consideration of this subject was for the first time introduced in this country. The first Famine Commission, which sat about a quarter of a century ago, expressed their opinion in favour of introduction of such institutions in this country. It formed one of the recommendations of the last Famine Commission. More than a year ago this subject was revived with great warmth, and all India expected that its solution was near at hand. In Sir Antony MacDonnell’s time a good many experimental banks were started in the districts of the United Provinces. The experience gained from the working of those institutions leads one to entertain the hope that, if properly and cautiously worked, they will, in time, attain a fair amount of success; the conservatism of the rural classes, and the influence of the village money-lenders, are not such potent factors as to make one despondent in the matter. It was expected that speedy action will be taken by the Government to give these institutions a legal status by legislation, and thus remove from the minds of the public the uncertainties and doubts which are naturally entertained with respect to dealings with them. If such measures are delayed any longer, it is feared that the public enthusiasm will die out and the labour bestowed and the trouble taken in giving a start to these institutions will be lost. It is therefore hoped that the Government will be pleased to take some definite action in the matter, with as little delay as the circumstances will allow.

“Technical and Industrial Education.”—My Lord, besides the expansion of general education in all its branches, the subject of technical and industrial education requires greater consideration at the hands of the Government than has been bestowed on it. I refrain at present from making any remarks on the subject of University education, as it has formed the topic of discussion in so many quarters, and the views of the public on this subject are already known to the Government. But I hope I shall be pardoned for saying that the subject of technical and industrial education has not hitherto received that attention which

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it deserves by its importance and its effects on the material advancement of the people. The comparatively very small sums spent by the Government on this branch of education can be taken as a fair criterion of the interest taken in this matter. In the three last years (1899-1900 to 1901-1902) the sums spent on Technical Schools were Rs. 3,87,598, Rs. 4,01,253 and Rs. 4,17,880, respectively. The figures for Professional Colleges during the same years were Rs. 6,65,725, Rs. 7,04,592 and Rs. 7,03,440. My Lord, the sum which is annually spent on the technical schools cannot but be characterised as trifling when we consider the importance of the subject, the necessity for the diffusion of this branch of education and the very considerable sums which are spent by the European countries and by America for the maintenance of technical and industrial institutions. The Financial Statement is silent on this subject. It is submitted that the Government will pay more attention to this branch of education and devise a scheme for the establishment throughout the country of technical and industrial institutions for imparting such education.

"Cotton Excise-duties.—My Lord, the country is just now resounding with a general expression of desire for the development of its industrial resources. It is often complained that the Indians do not employ the money they have in the development of the resources of their country. These charges are apparently well-founded to a certain extent, the chief reason being that the Indians as a whole are not a commercial people, and they are not yet fully conversant with the benefits which can be derived from the union of capital with labour. But a question may be asked whether the Government has extended its helping hand towards the attainment of this object. During the administration of Your Lordship's predecessors, no measure of any importance was adopted to encourage the people in saving their own decaying industries or to start new ones. On the contrary, during the viceroyalty of Your Lordship's immediate predecessor, excise-duty on cotton-goods manufactured in India was imposed in the year 1896, more with the view of pleasing Lancashire than gaining any substantial advantage to the Indian Exchequer, as may be inferred from the fact that the total receipts from the newly imposed duty in the year following its imposition came to about 11½ lakhs of rupees only. And even now the yield has not gone up to any considerable extent : the amount for this year is calculated about 17 lakhs of rupees. It cannot, therefore, be said that the receipts under this head make any considerable addition to the revenues of the Government, specially when we take into account the present prosperous condition of the Indian finances, which has enabled Your Excellency to remit taxes to the extent of more than two crores of rupees. Moreover, figures recently published by some private individuals—the accuracy

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of which, if doubted, can be tested—show that the Indian cotton-mills do not now yield the same profits as they used to do before the imposition of the excise-duty. It seems that the calculations of Sir James Westland at the time of the imposition of this duty were based more on possibility than actuality. My Lord, this duty really constitutes a serious additional burden upon the industry. Its retention cannot but act as a discouragement of the free development of the resources of the country in that branch, and, not being of any considerable pecuniary advantage to the Treasury, it is hoped that the Government will take the question of its repeal into its favourable consideration.

“Military Expenditure.”—My Lord, the Indian military expenditure has for years been one of the foremost topics for discussion, as affecting the taxation and finances of the country. In the course of the recent debate on the address, the Secretary of State for India is reported to have admitted two facts, *viz.*, that the cost per head of the British Army in India is comparatively great and that a large portion of the taxation in this country is supplied by the poor people. My Lord, if the Indian Exchequer can be relieved of a portion of the expenditure on the Army, the money so saved may be applied in making further reduction in the taxes, and in this way greater relief may be afforded to the poor tax-payer. A saving in the military expenditure of this country is possible in two ways only, namely, by a reduction in the numerical strength of the Army, or by receiving a contribution from the British Exchequer. In 1885, an increase in the number of the British troops located in India was made to the extent of 30,000 men. But no occasion has ever arisen for the employment of these troops for any local purposes. In 1884—the year before the increase in the number of the British Army—the total military charges amounted to £16,975,750. For the year 1903-1904 they are estimated to run to £17,782,000—£16,772,300 under the head of Army Services and £1,009,700 under Military Public Works. From the 1st April 1902 there has been an increase in the pay of the British soldier by 2*d.* a day, which will cost, in the year 1903-1904, £204,800. There is a further proposal to increase it by 6*d.* a day from 1st April 1904, which will involve a further additional expenditure of £560,000 a year. But it appears that we are not to stop here. We are threatened with further additions to the Army expenditure, in the near future, by the introduction of the Army Corps scheme into this country. During the last three years a large number of the British and Native troops were employed in South Africa and China without in any way endangering the safety of India. This fact fully demonstrates the proposition that for internal purposes the large Army kept here at present is not required. The Army in India is utilized

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as a reserve for England, who does not hesitate to draw upon these forces for Imperial purposes and yet contributes nothing for the maintenance of any portion of them. My Lord, cannot India, under these circumstances, justly claim from England for the contribution of a fair share of the expenses incurred by her in maintaining the additional forces not wanted by her for local purposes?

"Economic Progress.—In his review of the economic progress of the people, the Hon'ble the Finance Minister comes to the conclusion 'that the material prosperity of the people is making good progress,' and the increase in revenue under certain heads, and the growth of deposits in the Post Office Savings Banks, are taken by him 'as a general indication of increasing wealth of the tax-payer.' My Lord, I wish I could join with him in taking as hopeful a view of the situation as he does. But stubborn facts compel me to differ from him on the question of the growing prosperity of the people as a whole. The Hon'ble gentleman gives the figures of increase in revenue under the heads Salt, Excise, Customs, Post Office and Stamps as sure indications of this growing prosperity. Now, any comparison of the figures for the present year with those of the years from 1896-1897 to 1901-1902 cannot be accepted as a safe guide, because during all those years severe and widespread famine has been prevalent in one part of the country or the other, and the purchasing and consuming powers of the people were necessarily curtailed to a very large extent. For the purposes of this comparison, the Hon'ble the Finance Member has taken the figures for the years 1899-1900 to 1902-1903 only. These increases cannot be accepted as a good criterion of the material progress of the people, because they may be due to several other causes. Further, it is also to be noted that a rise in the import of dutiable articles of certain classes is, in many cases, followed by a proportionate fall in the consumption of home-made articles of those classes, and by a consequential decline in the indigenous industries of the country, and the loss occasioned to certain classes of the people by throwing them out of employment. By way of illustration may be cited the sugar-industry of India, which has fallen to such a low ebb in consequence of the import of foreign sugar. The same remark applies to the import of kerosine oil, which has replaced the vegetable oils produced in the country. Regarding the rise in the Customs-duty, it may also be said that we have not got before us any statement showing the increases under the different classes of articles, so that it may be known whether the rise is due to a larger import of articles which fall within the categories of luxuries or of necessities of life. My Lord, that there is deep and chronic poverty among the agricultural

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and the rural labouring classes is a fact which is known to every man in the country. In many cases a large number of the people belonging to those classes do not get the normal ration of food for months and months together. The extraneous indications of prosperity met with in the urban centres should not be taken as a safe standard of the growth of any material prosperity among the masses of the rural population. The idea of recuperation involves the notion of restoration to the former condition. It is a well-known fact that in the famine-stricken areas the agricultural classes have lost millions of cattle and the country has thus been deprived, by one sweep, of property of the value of several millions. It is impossible to say how long it will take before the wealth so lost will be regained, if regained at all. Regarding the growth of deposits in the Post Office Savings Banks, it is to be noted that it has not been shown if this growth is due to any increase in the deposits made by the agricultural classes, who generally, as a matter of fact, do not resort to the Savings Banks to deposit any little money that they may be able to save.

“Provincial Contracts.—With Your Lordship’s permission I shall now refer to some matters which directly concern the United Provinces. The Hon’ble the Finance Minister’s inability to make in his Budget Statement any definite announcement regarding the new settlements with the Provincial Governments will be received with feelings of regret. Ever since the introduction of the decentralization scheme, the usual period for which the settlement with the Local Governments is made has been five years: The last of the quinquennial settlements with the United Provinces expired at the close of the financial year 1896-97, but, as the Provinces were then in the midst of one of the severest famines, it was thought proper that no renewal of the settlement should take place at that time, as the figures for such an exceptional year could not afford any reliable data for the future years; a working arrangement for one year only was arrived at. In March 1896 a biennial settlement for the years 1898-99 and 1899-1900 was made, and at the close of the last-named period the same settlement was allowed to stand for a further period of two years. No renewal of the settlement took place for the current year, but in the last Budget an additional grant of Rs. 13,00,000 was made to meet some of the growing wants of the Provinces. A grant of the same amount is announced for the coming financial year too. The consequence of the delay in the settlement of the Provincial Contract is that, in order to keep the Provinces going, the Local Government is obliged to draw largely upon its credit balances.

“I give below the actual income and expenditure for the last five years, as

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well as the revised and estimated income and expenditure for the current and the next years—

Year.	Total Revenue. Rs.	Total Expenditure. Rs.
1897-98 . . .	3,52,97,000	3,52,97,000.
1898-99 . . .	3,77,81,000	3,44,95,000.
1899-1900 . . .	3,64,77,000	3,57,23,000.
1900-01 . . .	3,69,76,000	3,61,72,000.
1901-02 . . .	3,62,46,000	3,72,10,000.
1902-03 . . .	3,89,88,000	3,86,86,000.
1903-04 . . .	3,82,13,000	3,97,80,000.

“An examination of the above figures will show that the Provinces have not been receiving their proper share of revenue to be spent locally. The estimated expenditure for the year which is to commence from the first April next comes to Rs. 3,97,80,000. These figures will also show that the minimum sum required to meet the administrative wants of the Provinces is 4 crores of rupees. The most important heads which require additional expenditure are Education, Police, District Boards (which require to be placed on a financial proper footing), Municipalities (which require sufficient funds to carry out urgent measures of sanitary reform), and measures adopted for the prevention of and protection against plague. On the occasion of the Budget debates of the two past years, I have tried to show by facts and figures that the United Provinces have not been fairly treated in the matter of allotment of revenue to be locally expended by them. Their claim to be liberally treated deserves special recognition at the hands of the Supreme Government, as they contribute a larger portion of their revenues to the Imperial Exchequer than any other Province. It is therefore hoped that the Hon'ble the Finance Minister will give a more sympathetic response to their claims than has hitherto been done and the new Provincial Settlement will be made on more equitable and advantageous terms to them than the former ones.

“*Municipalities.*—The burning question of the day with all the Municipal Boards of the United Provinces is the reduction in their octroi-rates in consequence of their loyal compliance with the orders of the Government of India to restrict octroi-duty to a rate of Rs. 1-9 per cent. on all the important classes of articles in their schedules, though, as a special case, the Municipalities of Lucknow, Benares and certain other places, which are hard pushed to make both ends meet, have been permitted to have exceptional rates. But the general reduction of octroi-rates in other municipalities has produced substantially injurious effects on their finances. Another result of this change has been the lightening of taxation on the luxuries, by raising it on the necessaries, of life. This is a griev-

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ance which is much felt by the people. No intrinsic reason can be assigned for this step. The municipalities have obeyed the mandate of the Government of India loyally, though in many cases they have been obliged to have recourse to direct taxation in order to recoup the loss they have incurred by reduction in the octroi-rates. In reply to my objections against the substitution of direct for indirect taxation, the Hon'ble the Finance Minister, in the course of last year's Budget debate, was pleased to express his approval of direct tax such as the house-tax. I do not for a moment contend that the octroi-tax has no drawbacks, but in matter of taxation the circumstances of the country and the prejudices of the people should be well considered. Direct taxation, with its rigidity of demand and the possibility of petty oppression in its assessment and realization, is always distasteful to the people of Northern India. My Lord, these are not my personal views, but statesmen like Sir Charles Crosthwaite, who spent the best portion of their life in this country and who had acquired experience by a lifetime's working, have expressed the same opinion. The elaborate system of giving refunds which is in force in the municipalities of the United Provinces is a completely effectual protection against the taxation of through-trade, and the municipalities of my Province are uniting in making the octroi as easy to work as possible. My Lord, these remarks of mine are not based on information obtained second hand, but on actual experience gained in the working of the biggest municipality in the United Provinces, namely, Lucknow.

"District Boards.—As regards the District Boards in the United Provinces, I regret to say that their move towards reform is at a standstill, as the legislation proposed by the Local Government concerning them has not yet been sanctioned by Your Excellency's Government and the Secretary of State for India. The existing legislation on the subject (which is embodied in an Act of this Council passed as long ago as 1883) is wanting in many respects. New legislation is required with a view to simplifying the procedure for collecting and bringing to account the local rates and to giving the District Boards larger powers of organization and greater financial independence. The success of municipal administration in the United Provinces has been so marked as to justify an extension of the experiment of real self-government to District Boards. The latter bodies have, from want of the same powers as the Municipalities possess, not been able to achieve much success up to the present, but it is not owing to any fault of theirs; and it by no means follows that they are not capable of taking their proper place in the local self-government of the country. One of the things required to make their administration more successful is to put a stop to the system of the anomalous résurreptions by Government, that are taken from local

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rates for canal and railway purposes; and to charge the Boards only for those purposes which Government takes on their behalf, such as the up-keep of their roads, the maintenance of central asylums, normal schools and the like. The balance of the rates should be left at the disposal of the Boards themselves, for employment on works of public utility in their own districts and should not be resumed and merged in the common Provincial fund.

"My Lord, the last subject of provincial importance is the proposed legislation relating to Bundelkhand. Whatever may be my personal views concerning that legislation, and which I have expressed elsewhere, there is one point regarding this measure which I wish to impress on the view of the Government. When the Bills now before the local Council are passed and are put into working, the Government of India will have to put its hand in its pocket for some years and to assist the Local Government with substantial pecuniary contributions for carrying out the purposes of the proposed legislation.

"*Exclusion of Indians from South Africa and Australia.*—My Lord, I cannot refrain from alluding briefly to one of the most important questions of the day, affecting my countrymen and which has been the subject of discussion in the Anglo-Indian and the Indian Press alike, and regarding which representations from certain public bodies have been submitted to the Government. I mean, my Lord, the practical exclusion of the Indians from the Colonies of South Africa and Australia. I need hardly say that if the decision of the matter had rested solely with Your Lordship's Government the complaint would have been removed long ago. It does not look just and equitable that the British colonies should accord such a treatment to the Indians who are citizens of the same Empire, subjects of the same Sovereign and who are second to none in their attachment and loyalty to the British throne; their virtues as citizens, their sobriety and frugality and their peaceful mode of life have been universally acknowledged. Had such a treatment been accorded to the people of any of the great Continental Powers, it would have certainly been the subject of a most emphatic and energetic protest. Circumstanced as the Indians are, the only power, to which they can appeal for redress, or look for help, is Your Excellency's Government. They, therefore, have a fervent hope that Your Excellency will be pleased to move the Home Government so that the disabilities under which they labour may be removed, and they may be placed on the same footing as the other subjects of His Majesty with regard to going to, residing in, and settling in any part of His Majesty's dominions, unfettered by any legislative restrictions.

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*“ Measures for prevention of famine.—*The Hon’ble the Finance Minister in his remarks on the Budget makes the following statement regarding famine—

‘We may congratulate ourselves upon the favourable results of last year’s monsoon, a prolonged break in which at one time threatened disaster. But the rainfall was resumed in time and the result was to add to the happiness and prosperity of the people, and was immediately reflected in our revenue collections.’

“The above shows, that, in spite of all its efforts, the Government has not been able to bring famine within its control. We are told that, if the rains had not fallen a little earlier, the country would have been under the grip of another terrible famine. Does not this show that we are really not in a safe position with regard to recurrence of famine in future, and that we are completely at the mercy of the weather? My Lord, without meaning disparagement to anybody, I may say without fear of contradiction that no Government of India showed such well directed liberality and genuine anxiety in the matter of dealing with Indian famines as that of Your Lordship.

“Your Excellency laid the country under deep obligation and elicited the admiration of the world, by travelling from one famine centre to another, regardless of your comfort and health, infusing hope and cheerfulness in the hearts of the famine-stricken people, and zeal and energy in those of the officers in charge of the famine administration. To such a sincere friend of the people I venture to think that it will not be in vain to appeal to apply his great mind in devising some scheme which may strike at the very root of the evil and render the recurrence of famines in this country almost impossible. India is not the only country in the world which is subject to freaks of the weather. Why should then this country alone be overtaken by disastrous famines when there is a scanty rainfall in a single season, while other civilized countries under similar circumstances are not sufferers to the same extent? Before 1877 it appears that famines were not of so frequent occurrence, nor were such extensive areas affected by them. Why should there be this change for the worse? It cannot be solely ascribed to total or partial failure of rainfall, for droughts were not unknown in the former days in this land. The cause or the causes of the evil must therefore be sought elsewhere than in the occasional cessation of rains. It must be acknowledged that the experience gained in the last famines has been made best use of in devising means for meeting them when they come. The organization is complete to combat them successfully when they make their appearance. This has been conclusively established by Your Lordship’s dealing so successfully with the great famine of 1899-1900. But, on the principle that prevention is better than cure, what is now

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needed is to provide against their future occurrence. Of course, it is not for ordinary people to solve this great problem, and hence I venture to appeal to Your Lordship to go to the root of the evil and to devise means of prevention before Your Lordship's tenure of office comes to an end. It may be that Your Excellency's successor may be as good and able as yourself, but he will lack the experience which Your Lordship has gained in the matter of famine administration, and he is not likely to take any serious step in this direction before some time expires after his assumption of office. Your Excellency will be pleased to forgive me if I have digressed a little in making this direct appeal to Your Lordship. The exceptional importance of the subject, as well as a belief that a master mind like that of Your Lordship, if directed towards this subject, is sure to show a way out of the difficulty, is my apology for having adopted this course.

“Police reform.—Before concluding, I crave Your Lordship's permission to make a few remarks on another very important matter and in which Your Excellency has shown an equally deep interest by appointing a Commission of enquiry. My Lord, you have conferred a great obligation upon the country not only by appointing the Police Commission but by placing at its head such a capable and sympathetic ruler as Sir Andrew Fraser. The importance of a reformed police, specially in a country like India, cannot be overstated, for it is through the working of the police that the Government is, to a large degree, judged by the common people. No one was more competent to speak with authority on this subject than the late lamented Sir John Woodburn, whose eloquent words uttered about this time last year in this Hall must still be ringing in the ears of many of us. This is what he said on the subject :—

‘But there is another, in which the voice of the people is unmistakeable. The first and commanding requirement is the reform of the Police. The Police bear sorely on the people. They harass them. Police exactions, police apathy, police inefficiency, are the universal complaint. * * * * * The reform of the police is of the first importance to the comfort of the people and to the credit of the State.’

“The appeal of the late ruler of Bengal did not go in vain, for, as stated above, Your Excellency has appointed a Commission and their report is likely to be submitted to Your Excellency in a few months. The final settlement of the question is, however, not in the hands of the Commission but in those of Your Lordship's Government, and hence I take the liberty of drawing Your Excellency's attention to one or two important points upon which the true reform of the police in this country, from a popular point of view, mainly depends.

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“ The duties of the Police, generally speaking, are to protect the honest from the wrongdoings of the dishonest and to detect crime. Unfortunately, under the present system, people get very little protection, and the energies of the Police are almost wholly devoted to hunt down criminals. It is not, however, possible for the Police to always get hold of the real culprit, and innocent persons are often handed up by them. The Police are censured by the authorities if they fail in their duty of detection. The principle reason of this failure is that they do not get any help from the people because the latter are oppressed by them and not protected. This would not have happened if the Police had done their duty properly. The real reform, therefore, requires the creation of a friendly feeling between the Police and the people. This can be effected to a large extent by the separation of the Police from the Magistracy. Under the present system the Magistrate is the head of the District Police, and in many cases his sympathies are with the latter. The Magistrate, being the executive head of the district, should be placed in such a position as to be looked upon by them as their true friend and protector. As long as the existing condition is maintained, the Magistrate cannot be able to inspire the same confidence in the people as he ought to do. Your Excellency will do a great good to the people by effecting reform in this direction. The country will ever remember with gratitude Your Excellency's rule if this measure of reform is inaugurated under your *regime*.”

“ The Hon'ble MR. RAMPINI said:—“ My Lord, it will not be expected that I, as a purely Judicial Member of Your Excellency's Council and appointed to it for a special purpose, should say anything with regard to the Financial Statement generally. But I would wish, with Your Excellency's permission, to indicate two objects to which a small part of the surplus of receipts over expenditure, which the Hon'ble Financial Member estimates will accrue during the coming financial year, might be devoted with the view of improving the administration of justice in this Empire, more especially in the province of Bengal with which I have during the whole of my official career been connected. And I do so with the less hesitation as I observe from the ' Finance and Revenue Accounts of the Government of India for the year 1901-1902 ' that there was a nett profit under the head of ' Courts of Law ' of Rs. 69,82,817 throughout India, and in Bengal of Rs. 50,70,480. According to the Hon'ble Financial Member's Statement in Council on the 26th March last year the nett profits under this head amounted to Rs. 74,21,000 and, though this sum may be reduced on a different system of accounting being adopted, there would seem reason to conclude that the receipts from ' Courts of Law ',

including Court-fees, yield a profit throughout India, while in Bengal there is an excess of receipts over expenditure annually of between 40 to 50 lakhs. I have not been able to ascertain from the Financial Statement for 1902-1903 what the estimated surplus under this head will be in the coming financial year: but I think I may safely conclude that it will not be less than in previous years, for in Bengal at least, the receipts are always rapidly increasing, while the expenditure increases in a much slower ratio. Thus, as has been pointed out in the annual report of the High Court of Calcutta on the administration of civil justice for 1900, the revenue derived from Court-fees has during the last 10 years increased by about 30 per cent., while the corresponding increase in expenditure has been only 8 per cent. There is, therefore, it would seem to me, no danger of there being any insufficiency of funds to meet the expenditure I would advocate.

"The first object to which in my opinion part of this surplus might with advantage be devoted is the strengthening of the judicial staff of Bengal both in its superior and subordinate branches. The judicial work of the province, civil and criminal, has in recent years increased to such an extent as to be beyond the powers of the present staff to cope with. There were 642,807 civil suits instituted in 1902, and there were 664,597 such suits disposed of. But this number of suits disposed of included many cases pending from the previous year; so that, notwithstanding the efforts of the judiciary to keep abreast of the work, there were 105,003 suits pending at the end of the year (as compared with 82,807 suits pending at the end of 1892), of which 1,838 had been pending for more than a year. A large proportion of these arrears occurred in the superior Courts, there being 964 cases pending for over a year in such Courts out of a total file of 7,121 cases: so that the arrears of cases pending for more than a year amounted to about one-seventh of the total of their files. There were also 13,050 appeals remaining to be disposed of, of which 624 had been pending for over a year. These figures, I venture to say, show that the ranks of both the District and the Subordinate Judges of this province require to be added to. I need not give details of the increase in criminal work, but that it has been substantial will be seen when I mention that, while in 1892, or about 10 years ago, District Judges were able to devote 4,161 days to the disposal of civil, and 3,852 days to the disposal of criminal, work, in 1901 they were engaged for 4,984 days on criminal, and had only 3,115 days to spare for civil, work. The result of this increase of criminal work is not only that the civil work of the District Judges' Courts, over which it has to be given preference, is either neglected or has to be done by Subordinate Judges, but that the efficiency of the Subordinate Courts is impaired

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owing to the impossibility of the District Judges finding time for their inspection and supervision. The ranks of the Subordinate Judges also want strengthening; for the bulk of the arrears, original and appellate, is in their Courts. At present there are only 56 Subordinate Judges in Bengal as against an average number of $59\frac{1}{4}$ in 1901 and of 61 in 1902, and additional assistance is urgently wanted. Such assistance to be efficacious should be promptly granted, as otherwise the Courts cannot effectively cope with any temporary increase of work that may arise from an unforeseen increase in the number of institutions. It is true that the appointment of four additional permanent Subordinate Judges was sanctioned in 1902, but these are not enough to meet the requirements of litigation, and unless a further temporary increase in the number of Subordinate Judges is from time to time promptly granted, as the need for their services arises, arrears will increase so rapidly as to exceed the powers of the Courts to deal with them.

“Another object to which some part of the surplus which the Hon’ble Financial Member expects, might, with advantage, be devoted is the increasing of the attractions of the judicial branch of the Civil Service in this Province. Notwithstanding the facts that promotion to the High Court has recently been quickened and that a new grade of District Judges on a salary of Rs. 3,000 per mensem has been created, the judicial branch continues to be unpopular and it is difficult to recruit it. This is perhaps due to judicial work being less varied and more monotonous and laborious than executive work. A Judge is more confined to his office than a Collector, and it is impossible for the former to discharge his duties efficiently without a considerable amount of home study and reading. But whatever the causes may be, it is beyond question that retirements from the ranks of District Judges in Bengal have, of late years, been numerous and that the junior members of the Civil Service are reluctant to enter the judicial branch. Hence, the average standing of the District Judges of this province is now less than it was formerly. Twenty years ago the average length of service of the then District Judges was 22 years and 4 months. Now it is 15 years and 6 months, and several officers have been appointed to officiate as District Judges in Bengal when they were of little more than six or seven years standing. I doubt whether in any other province there are such junior officers filling the posts of District Judges as in Bengal. This is a serious matter, as the District Judges of the present day are necessarily officers of less experience than they were twenty years ago, and the less experience an officer has, the less quickly he can work and the greater risk there is of his decisions being wrong and requiring to be set right in appeal. Some means should,

therefore, be taken to induce members of the Civil Service to enter the judicial branch more readily than they now do, and to remain in it after they have completed the period of 25 years' service which renders them eligible for a pension, when their services are most valuable to the State. On the other hand, it is still more desirable that better arrangements than at present exist should be made for ensuring that members of the service who elect to serve in the judicial branch should, when they are first appointed to be District Judges, be competent to discharge the important duties entrusted to them. Unfortunately, there are at present no rules or regulations which require a junior civilian to be thoroughly acquainted with any branch of civil law before he is appointed to be a District Judge. The regulations framed by the Secretary of State for India for the examination of selected candidates for the Indian Civil Service require them, before they are permitted to proceed to India, to pass an examination in criminal law and the Indian Evidence Act. They may also, if they choose, pass an examination in Hindu and Mohammedan law, but this is an optional subject. In former years, selected candidates might also, at their option, pass an examination in the Code of Civil Procedure and the Indian Contract Act, but in the regulations for the examinations of 1903 there is no mention at all of this subject. After their arrival in India, junior civilians have to pass a departmental examination in certain Acts of the Indian legislature, chiefly Revenue Acts. They have to be in charge of a Treasury for six weeks and to learn settlement work for two months during the first two years of their service. They have further to be examined with the aid of books in all unrepealed Acts of the Government of India, the Bengal Regulations, the Bengal Acts, the Circulars of the Bengal Government and the High Court and the Manuals of the Board of Revenue. As this examination is in writing and the examinees are allowed to consult books, it is evident that it affords no guarantee of their having carefully studied the Acts they are examined in. Then, the subjects of this examination do not embrace Hindu or Mohammedan law or any branch of civil law, except the Acts of the Indian legislature, and as a matter of fact the examinees are generally examined only in Revenue Acts and Acts relating to criminal law; so that it will be seen that when a junior civilian is appointed to officiate for the first time as a District Judge, when he has to hear appeals in civil suits from the judgments of experienced Subordinate Judges and Munsifs, he may be totally unacquainted, not only with the provisions of the laws he applies to the facts before him, but even with the general principles which should guide him in administering justice. This would seem to be very undesirable both in the interests of the public and in that of the officers themselves.

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“A further change has of late years been made in the training of selected candidates for the Indian Civil Service, which in my opinion, cannot fail to have a detrimental effect on the administration of justice, both civil and criminal, in this Empire. In former years selected candidates were required during the period of their noviciate to attend the Courts in England and study the cases they heard tried there. All civilians were therefore bound to be conversant to a greater or less extent with the mode in which trials are conducted in England. But, recently, it was made optional for candidates to attend the Courts. They were recommended to visit them, and they were given a card to facilitate their admission to them. The regulations of 1903 contain no reference at all to this matter. The result is that it is possible for junior civilians to be vested with criminal powers and appointed to preside over Courts, though they may never have seen a trial conducted in any Court. I am informed by competent authority that the abrogation of the rule making attendance in the Courts in England compulsory has resulted in a noticeable deterioration in the judicial work of junior civilians. In any case it is clear that when they begin to administer justice in this country, they may have to learn their work at the expense of the parties or from the judgments of Appellate Judges, whose training may have been as defective as their own.

“My Lord, I apologise for having taken up so much of the time of Your Excellency's Council in calling attention to these matters, but they seem to be defects in our judicial system which need to be removed, and if the Hon'ble Financial Member will devote some of his anticipated surplus to the provision of remedies for these defects, I feel certain the result will be beneficial to the administration of justice in Bengal, if not throughout the Empire.”

The Hon'ble MR. WHITWORTH said:—“My Lord, I propose, like the last speaker, to offer a few remarks on certain points in connection with our judicial administration. That administration is usually charged with two principal faults: (1) delay, and (2) the unsatisfactory character of work done in the execution of decrees.

“Delay is usually due either to cumbersomeness of procedure affecting the individual case, or it is due to cases blocking one another through accumulation. As to the first of these causes some attempts have been made to meet it in the Civil Procedure Code Bill recently reported on by a Committee of this Council. But the second is one which, I think, requires constant attention on the part of the Executive Government as well as the Judicial authorities. Judging by the Bombay Presidency (of which alone I have experience), I am

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inclined to think that the work of the Courts is not on the whole too much for the Courts. But the distribution is unequal. We have lightly-worked Courts and heavily-worked Courts. Changes in the condition of different parts of the country require redistribution of areas; and intermediately much relief can be given by the temporary employment of additional Judges or temporary deputation of existing Judges from one Court to another. Accumulation of arrears is a double evil: besides the delay itself, a long pending case is more difficult to try than one of recent origin. Litigation is pretty heavily paid for in this country, and I think it is due to the litigant that heavy arrears should never be allowed to accumulate.

“As regards the unsatisfactory character of execution work, I have some more definite proposals to make. I suppose no one but a bailiff, or a very experienced decree-holder, knows all the secrets of execution; and in order to get any accurate conception of it, it is necessary to deal with specific cases on the spot, and with every officer concerned, and every document connected with the case, at hand.

“Execution is primarily in the hands of bailiffs; who are superintended by an officer called nazir, aided by a few clerks; and all are under the control of the Subordinate Judge. To appreciate the evil so universally complained of, it is necessary to regard execution in connection with each of these three classes of officials.

“First, the bailiffs fail, because they are very badly paid, with very bad prospects both as to service and to pension, and because while so conditioned they are constantly dealing, out of sight of all control, with comparatively well-to-do persons who want their decrees executed, or want decrees against them to be not executed. The well-to-do decree-holder and the badly paid bailiff go together to effect execution: the bailiff has all the official authority, but it is the decree-holder who wants the work done. The result, in the absence of a high standard of morality, is obvious. A bailiff's pay in Bombay varies from ₹9 to ₹15 a month. A bailiff on ₹15, if young enough, will gladly take a clerkship on ₹12, because then it is open to him to rise to a salary of ₹100 or more. But the ordinary bailiff never rises above the ₹15 grade. Yet his duties are more difficult and responsible, for he has to conduct auctions of valuable property, effect attachments, and give delivery of property decreed; while the clerk only writes and keeps accounts.

“Secondly, the nazir fails, because he has never been a bailiff. He is often a very intelligent and energetic man, but he has been a clerk all his service, and

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is suddenly taken from his desk in the office to superintend a number of bailiffs carrying out execution anywhere in three or four hundred villages. He has also to carry out the most difficult executions himself though he has had no experience even of simple ones.

“Lastly, the Subordinate Judge fails, because he ordinarily gives all his attention to his purely judicial work, knowing that his advancement depends upon his reputation in that branch of his duties. His judgments from time to time come before the High Court, and according to their quality, and the number of cases he disposes of, he is known as an efficient or inefficient Judge. But of his superintendence of the execution establishment, little is ever heard outside his district.

“Thus, there is failure, greater or less, at every point, and our executive work remains a scandal and a reproach. Obviously, a higher class of officer is needed for the work in hand. Now it is very easy—as the Police Commission must know well by this time—it is very easy to say you must offer higher salaries and get a higher class of man. Any department can be reformed on those lines. But what I propose is to get the higher class of man without paying higher salaries. The men are ready to hand. We are now paying comparatively high rates of salary to one class of men who are doing easy work, without much handling of money, and under the eye of a judicial officer, while we are paying lower rates to another class, who are doing harder work, and constantly dealing with valuables, out of sight of all authority, and under circumstances of the strongest temptation. All we have to do is to combine the executive officials with the clerical officials into one roster. Then the official charged with the execution of decrees, instead of being one who can never earn more than Rs. 15 per mensem, and who under present standards is disposed to make what he can while he has the opportunity, and who can afford to risk his petty pension for substantial present gains, is at once in a position in which he may rise to a salary of ₹100 or ₹150. He has prospects and hopes, and his reputation becomes a matter of much greater importance to him. He would also in the future be recruited from a higher class with a higher standard of education.

“It is not the whole of the existing body of bailiffs that would have to be enrolled with the clerical establishments. Bailiffs do all kinds of work, from the execution of decrees down to the serving of summonses and mere peons' work. A line would have to be drawn, those required for execution purposes being graded with the clerks, and the rest might appropriately be called peons or

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chaprasis. There is so much of evil association with the term bailiff that it might be well to get rid of it altogether.

“Under this scheme the nazir, or head of the executive branch, would from the beginning be well versed in execution proceedings, and would know how to supervise his bailiffs.

“An incidental advantage of the change I advocate would be to introduce some variety into the lives of that little regarded but highly deserving class—the judicial clerk. The monotony of his work and the atmosphere in which he works are alike appalling, but his industry and devotion are great. That the long hours of writing should be occasionally varied by out-of-door duties cannot but be beneficial.

“It is not of course to be supposed that the adoption of the change I recommend would have the immediate effect of wholly purifying our execution work. The evil is too gigantic for that. But the most salient point in that evil is the fact that the difficult and delicate work of execution is entrusted to ill-paid, uneducated persons, who carry it on out of sight and under conditions of great temptation, and what I urge is a distinct step towards meeting that particular factor of the evil. I give the scheme merely in rough outline, as it would not be appropriate to trouble this Council with all the details of the transition.

“I desire now to say a word about the Courts in the Province of Sindh. There are two points I would urge:—

(1) the unsatisfactory constitution of the Sadar Court, which is the High Court of the Province, and

(2) the inadequate remuneration of the Subordinate Judges.

“In order to appreciate the great anomalies existing in Sindh, it is necessary to realize that that Province is roughly $\frac{1}{4}$ th of the whole Presidency, including Sindh, or equal to $\frac{1}{3}$ rd of the remaining part of the Presidency. In population, it is something less than $\frac{1}{4}$ th of the whole; in revenue it is something more than $\frac{1}{4}$ th. (These statements are based on the figures given in the last Administration Report of Bombay.) In area it is more than $\frac{1}{3}$ rd; but that is not so important a factor. For general administrative purposes it may be taken as $\frac{1}{4}$ th of the whole. And, like each of the three remaining divisions of the Presidency, it consists of six districts, *i.e.*, 6 out of 24, or just $\frac{1}{4}$ th. I may add that it is regarded as a more important charge than any of the other three divisions.

“For the 18 districts of the Presidency proper there is a High Court of seven Judges. For the six districts of Sindh there is a High Court of one Judge.

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Alone he has to determine just the same questions as under a Chartered High Court are necessarily reserved for two or more Judges. The two Judges can refer to a third Judge or consult other Judges. The Judge of the Sadar Court can refer to no one and consult no one. His salary is only very minutely differentiated from that of some of the District Judges serving under him, and is less than that of some District Judges in Bengal. This is interesting with reference to the suggestion just made by the Hon'ble Mr. Justice Rampini that some of the subsisting balances should be devoted to Bengal. Sindh is not on the Bengal side of the *pankah*. Then Sindh possesses in Karachi a great seaport. The sea-borne trade of Sindh is a full $\frac{1}{3}$ th of that of the Presidency proper, and is increasing much more rapidly than the latter. But the Judge of the Sadar Court in Sindh is only a District Judge from the Presidency who can hardly have had much experience of mercantile law.

"I proceed to another anomaly. Broadly speaking, under the British system of administration, the Civil Courts in any Province consist of three principal classes. There are (1) the Subordinate Judges, who are usually natives of the country ; (2) the District Judges, who are usually covenanted civilians; and (3) the High Court. Now, comparing Sindh with the Bombay Presidency proper, we find that as regards the middle class of Courts there is perfect equality. The District Judges in the two areas have the same powers and the same salaries. Indeed, they are one body of men, all belonging to one graded list; and a District Judge who is serving in the Presidency today may be serving in Sindh tomorrow, and *vice versa*. Surely this suggests a similarity of conditions for judicial purposes in the two areas. Yet the High Courts differ, as I have just pointed out. And unfortunately the Subordinate Judges in the two areas are very differently circumstanced too. Their duties are the same, and their merits are very equal; but their remuneration is strikingly different. I need not go into details. Suffice it to say that a Subordinate Judge in Sindh if he gets to the top of the list will receive only Rs500 salary (and even that is a recent concession), while in the Presidency he might rise to Rs800. Yet, in spite of this discouragement—which they feel acutely—the Subordinate Judges in Sindh are on the whole a zealous and deserving class and their industry is most commendable. Only in Sindh have I ever observed lamps kept for regular use in Court, because the hours of daylight were not long enough for the Court work. And the Court work is, of course, not nearly the whole of a Judge's work.

"I pass to another matter. There is great need in the Bombay Presidency for the provision of more suitable buildings as Court-houses in several places.

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Not only are several Subordinate Courts very inadequately housed, but some District Courts also. There is one so closely surrounded by other buildings that there is no access to it except at one single point, and that by so narrow a lane that no ordinary carriage can drive up to the door. Both light and ventilation are necessarily extremely deficient under such circumstances.

"On page 57 of the Financial Statement I notice a provision of £13,300 for the improvement of the Volunteer Force in India. I speak only from local experience,—if Bengal experience is different, no doubt His Honour the Lieutenant-Governor will correct me—but so far as that experience goes I am strongly of opinion that one essential step towards making the force efficient is by limiting recruitment. The difficulties which beset a Commanding Officer of Volunteers are of a nature and degree of which officers of the Regular Army probably have no conception. There are, no doubt, many very keen and enthusiastic Volunteers in this country. I remember many such with gratitude. But there are many others who join from some motive difficult to discern, and who never lose the sense that they have conferred a favour upon Government by doing so. They know that the income of the corps depends upon the capitation grants, and that the Commanding Officer is therefore concerned to keep up his numbers. So they hold their resignations *in terrorem* over him. But the keeping up of numbers sometimes means the keeping up of inefficiency. And I should be inclined to limit the numbers of each corps to something far within the possible recruitment. Then men would come to regard membership rather as a privilege than a favour conferred. And that is, I think, the first step towards efficiency."

The Hon'ble SIR MONTAGU TURNER said,—“My Lord, it must be freely and unreservedly admitted that the Budget now presented for our consideration is of a most satisfactory character, indicating as it does increased prosperity on the part of the country and a thoroughly sound financial condition of the Indian Empire. It is, indeed, most gratifying that Your Excellency's Government should find itself in the happy position of being able to grant a remission of taxation, and further that, both in the reduction of duty on salt and in raising the limit for taxable incomes, you have anticipated correctly the views and wishes of the people at large. It is true that the reduction in the salt-duty may not immediately benefit those whose condition we are all so anxious to improve, the very poorest of the inhabitants of this country; but the remission at any rate indicates the desire on the part of Your Excellency's Government to help that particular class of deserving people. It opens the way for possible further remissions, if we are fortunate enough to have a further succession of prosperous years free from the disturbing elements of political complications with our neighbours, and by cheapening this universal article of consumption so

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necessary to the health of the people, it may lead to an increased consumption which would, to some extent, make up for the present loss of revenue.

"I am disappointed that the limit for taxable incomes has not been made at least Rs. 1,200 per annum. Government are doubtless aware there are many upon whom the Income-tax will still bear heavily and who deserve very sympathetic consideration. It has always been an obnoxious tax, and now that the cost of living in India has so much increased it tells particularly hardly on Europeans with fixed and limited incomes. Further, the Income-tax has always been looked upon as a tax of a temporary nature, as one that could well be enforced at times of great perils or of financial straits, but, being entirely unsuited to this country by reason of the circumstances generally attending its collection and payment, it should not be regarded as a permanent source of revenue and its total abolition should be kept constantly in view.

"Under the head of Coinage, Currency and Exchange the Hon'ble Member on page 13 of the Budget refers to a nett import of silver bullion up to the end of February of 4 millions sterling. He goes on to say that 'of the silver importation, however, a large amount was for dollar coinage and for consumption in the country, but a certain proportion was apparently imported by speculators for a rise in silver as a profitable method of remittance.

"And in the note by the Financial Secretary it is stated in paragraph 149:—

'The leading features of the year have been the great increase in the receipts from the Export-duty on rice and the Import-duty on silver. The former is due to the bumper crop in Burma. The causes of the latter are somewhat obscure, but it is believed that silver is largely used as a convenient form of remittance.'

"In other words, it is apparently difficult to assign any definite reason for the increased import of silver bullion, though it may be that the abnormally small imports in 1900-1901 may explain in part the heavy increase in 1901-1902—stocks being low, and the people with a return of ordinary prosperity being in a better position to buy silver for domestic purposes.

"For the ten months ended 31st January, 1903, I make the imports of silver to be as follows:—

	Rs.
Less Exports	10 05 32,573
	<u>4,18,01,200</u>
	5,87,31,373
As against imports for the same period in 1902—	
Imports	8,97,28,424
Less Exports	<u>4 30,55,031</u>
	4,66,73,393

"I consider that Government should give their careful attention to this matter and ascertain definitely what has caused this increased import of silver.

Especially should very careful attention be directed to the point as to whether there is any abnormal development of illicit coinage of rupees in this country. The general impression is that such is the case, but I have no definite data to submit beyond what is already in possession of Your Excellency's Government.

"I listened with great interest to the remarks made by the Hon'ble Member in connection with the countervailing duties on bounty sugar imported into India, and it is satisfactory to find that the imposition of the countervailing duties has had the intended effect, although it has resulted in a decreased revenue under the particular head of countervailing duties. It is noticeable, however, that the quantity of sugar imported, and for which an ordinary 5 per cent. duty is paid, has not much diminished in volume. I trust, my Lord, that the Government of India will absolutely decline to become a party to the Brussels Convention, in other words, that they will hold themselves entirely free to act as may be best in the interests of India after sufficient time has elapsed to ascertain the result of the working of the Brussels Convention Agreement. I also trust that the Government of India will continue the present countervailing duties after the 1st of September until such time has elapsed as will allow of the disposal of the surplus stocks which it is believed are in existence, and which have benefited by the bounties which will cease from the 1st September. It must be borne in mind that should India give its adherence to the Brussels Conference the duty leviable on sugars imported from other contracting countries would be restricted to 6 francs per 100 kilos or say Rs. 1-6 per maund for the refined and 5 francs 50 cents per hundred kilos on other sugars, that being the maximum surtax permissible in terms of Article 3rd of the Convention.

"By remaining outside the Convention, India would be in a very strong position with a free hand to levy such duties as may be considered essential to guard her cane-crushing and sugar-refining industries, on which considerable fresh capital is now being spent, from unfair competition. If by agreeing to the Convention we bind ourselves to abolish taxation on imported sugar from Continental ports, might it not perhaps necessitate the abolition of the 5 per cent. *ad valorem* duty levied on sugar in common with other imported goods? This alone calculated on the imports of sugar from Austria, Hungary and Germany during the twelve months ended 31st December 1902 at Rs. 9 per cwt. amounts roughly to Rs. 10½ lakhs, in other words, it would affect price to the extent of about 5½ annas per maund. It is interesting to note that from the Budget figures the 5 per cent. ordinary duties on sugar are estimated at Rs. 28 lakhs for the current year apart from any income which may be derived from the countervailing duties.

"My Lord, I am somewhat disappointed to find that no reference is made to a possible reduction in the cost of Inland Telegrams. That Department has shown for some time fairly big surpluses in its working. It is true that an addi-

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tional expenditure of about Rs. 9 lakhs is budgetted to provide for the cost of stores and new lines, but apart from this I notice that the estimated surplus for 1903-04 amounts to Rs. 39,23,000, and that the surpluses for the past four years have varied from Rs. 43 to 55 lakhs per annum. It would seem as though the time had arrived when the Government of India could well afford to make a reduction which would be exceedingly popular, and which I have no doubt will lead to a great increase in the number of messages tendered for transmission throughout the country.

"I feel sure that the matter of Military expenditure will receive the careful attention of the Government of India. From the figures given in the Budget it would seem that there is a tendency to increase the expenditure under this head, the Budget estimate being some Rs. 18,90,46,000. It is, however, not surprising that the estimate for the current year should be heavy, considering the important works that have been lately undertaken in regard to the establishment of a Cordite Factory, a Gun Carriage Factory, a Rifle Mill Factory, and improvements in machinery at Ishapore and Cossipore, all of which will tend eventually to the reduction of the cost of armaments in this country, and to the more satisfactory provision of ammunition and armaments in cases of emergency. I note with satisfaction that under the heading of Military Works Estimates, an expenditure of Rs. 5 lakhs is allowed for the installation of electric light and punkha pulling in barracks. The lives of our soldiers are so valuable, and the benefit arising from the improved system of lighting and punkha pulling so great, that I would regard it as an absolute economy to provide these very necessary adjuncts in every barracks in India. It would naturally tend to improve the health of the soldiers and put an end to those regrettable accidents which occasionally happen to unfortunate punkha coolies.

"I note with satisfaction under the head of Foreign Tariffs that both the Government of India and the British Foreign Office are giving their continued attention to the question of the new Persian Customs Tariff. The Bengal Chamber of Commerce have recently addressed Your Excellency's Government in this matter and have pointed out the very prejudicial effect on Indian trade (in particular the Tea Trade) with Persia the new Tariff will have. The Bombay Chamber of Commerce have made a similar representation, and it has been suggested that the Government of India should endeavour to secure a postponement of the operation of the new Tariff for at least six months. I have recently received letters from Agents in the Persian Gulf who write to the following effect :—

"The scale of duties now leviable on imports and exports will have the merit of destroying the bulk of the present volume of trade between India and Persia. Duty on specified goods have been enhanced not only out of all proportion to those paid hitherto, but also apparently for the preclusion of the staples of each country. Cased cargo, such as liquors, etc., will require to pay on gross weight of each case or package including the casing and wrappers. The hasty introduction of the Tariff has evoked feelings of intense

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dissatisfaction and indignation throughout the country, and merchants have telegraphed cancelling orders and contracts for tea and other goods directly affected.'

"And in another letter the same Agents report that although the merchants have petitioned the Government of Persia for grace to complete the existing orders and contracts they had not received a reply to the memorial, but it was suggested that they should accept the situation in view of the fact that the Foreign Legations have unanimously accepted the new Tariff. Merchants, however, preferred to leave their goods untouched, only clearing such goods as were landed anterior to the introduction of the Tariff. It seems remarkable, if correct, that the British Representative should have accepted the new Tariff without realizing what it meant so far as the trade between India and Persia is concerned. It seems as though we were likely to suffer a very severe reverse in the development of Indian trade with Persia the effect of which will be felt for many years to come. It is, indeed, deplorable that such should be the case and that the interests of this country should have been so neglected as apparently is the case.

"In making these remarks I am aware of the fact that an official opinion has been expressed in England that the augmentation of a duty on tea though disliked by the consumers is not likely to reduce the trade in that commodity. But the fact remains that for the present trade is utterly stopped and Persian dealers are shipping their stocks of tea from England to Bombay and doing their best to cancel orders.

"My Lord, I have been surprised at no declaration having been as yet made by Your Excellency's Government on the proposal for payment of interest on Government rupee paper at the sterling rate of 1s. 4d. per rupee. A critic of this proposal has argued that it means that a number of people holding rupee paper have no confidence in the fixity of exchange. The real point is that the foreign investor has not yet acquired confidence in the fixity of exchange, that it is desirable to attract the money of the foreign investor for this country's development, and that the confidence of the foreign investor in the fixity of the sterling value of the rupee and in Indian investments generally can be best and most cheaply secured by Government giving proof of their own confidence. I take for granted that it is desirable to encourage the investment in rupee paper not only in India but outside India, and that Government desires to see rupee paper as popular with the ordinary investor as any other form of gilt-edged security. The hesitation of Government to give this guarantee would seem, although we know that such is not the case, as though they lacked confidence in the comparative fixity of the sterling value of the rupee."

The Hon'ble RAI BAHADUR BIPIN KRISHNA BOSE said:—"My Lord, the most noteworthy and at the same time the most gratifying feature of the Financial Statement is the substantial remission of taxation it announces. The ediction in which the remission is granted is also such as will, I make no

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doubt, commend itself to all. The only reasonable objection that could be urged against the Income-tax, a tax which, disagreeing with the Hon'ble Sir Montagu Turner, I look upon as eminently fair and just, disappears with the raising of the limit of exemption. As regards the reduction of the duty on salt, had it stood by itself, its benefit might not perhaps have reached those for whom it is intended, but operating in combination with the progressive cheapening of the cost of carriage, to which allusion has been made in the Statement, it cannot fail to make its influence felt in the right direction. The last of a series of fiscal measures adopted with a view to add to the resources of the Government in order to enable it to meet the yearly increasing burden of its sterling payments, was the imposition of duties on cotton-goods. After this the Currency Legislation of 1893, which linked the rupee to 16*d.* gold unit, began to make its influence felt. The fixity in our measure of value in relation to the pound sterling having been established, the Government was able to save what it formerly used to lose on the Home charges. Such being the position, the country will acknowledge with the deepest gratitude the decision of Your Excellency's Government to take off a substantial portion of the burden of taxation.

"Economic progress.—Regarding the economic situation, India, as has been often pointed out, is such a vast country with such diverse conditions prevailing in its different parts that any generalization intended to apply to the whole empire is apt to mislead. My remarks will be confined to the Province with which I am familiar. The Central Provinces reached the low water mark of adversity in the agricultural year 1899-1900. Cultivation had then contracted to what it had been nearly a quarter of a century back, the area lost to the plough being represented by nearly two millions of acres. This decrease in the cultivated area was, owing to want of resources, accompanied by the displacement of superior by inferior crops. The export of wheat shrank to nearly $\frac{1}{10}$ th of the normal and that of rice to $\frac{1}{8}$ th. In contrast with the low ebb to which the export of agricultural produce fell, there was an enormous development in the export of hides, bespeaking heavy loss of cattle. The recovery during the current year, though not without hopes in some parts, has not everywhere been as satisfactory as could be desired. During the year ending 30th September, 1902, the exports of wheat were a little less than a fifth and those of rice a little over a quarter of what they used to be in good years before the cycle of lean years began. The season, though unpropitious for other crops, was, however, favourable for cotton, and its export was a third more than the highest figure attained at any previous period. As for prospects during the current season, they are on the whole favourable in the northern districts. The area placed under wheat is still no more than a third of

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the normal of past good years, but the yield is expected to be a full crop. Cotton has also given an excellent return. Unfortunately rice has badly failed throughout the rice-producing tracts. Relief is now being given in these localities. The total number on relief according to the latest return is 36,825. It would be premature at this juncture to say anything about the adequacy of the relief measures. It is hoped that the judgment passed by the Famine Commission that the relief given during the late famine was excessive, an opinion, however, not endorsed by the Secretary of State, would not make the pendulum swing in the opposite direction.

"Manufactures play but an unimportant part in the economy of the Province. But the people are not wanting in self-help and they have not been slow to take advantage of the great expansion in cotton cultivation. In the cotton-producing tracts, especially in Nagpur, there has been a material development in the cotton-industry. The number of factories has risen to 70, and yarn and cloth turned out by our local mills have been successful in establishing themselves in markets outside the Province. Under the severe stress of the calamities of the past decade, village industries are, however, showing signs of permanent decay. To make up for the loss that the disappearance of these industries is entailing on the people, it is to be fervently hoped that the Government will deal in no niggardly spirit with the efforts that private enterprise is putting forth to work the mineral resources of the Province, which is peculiarly rich in iron, manganese and coal. The export trade in manganese has received a great impetus during recent years, but I would fain indulge the hope that under a happy combination of rich iron ore, manganese and coal, all within easy reach of one another, a prosperous local industry in iron and steel will spring up in the near future and consume at least some portion of the manganese that now goes out.

"*Land-revenue Collection.*—The accounts for 1901-1902 show that the land-revenue collections in the Central Provinces were better by six lakhs of rupees as compared with the Budget figure, the actual being 86 lakhs as against an estimate of 80 lakhs. This is stated to be due to improvement in the agricultural condition. I may, however, be permitted to point out that the Budget Estimate was framed on the basis of an average season tempered by an application of the salutary principle of adjusting the collection to the special circumstances and necessities of the people. It seems doubtful whether in all the districts due regard has been paid to this generous policy. Turning to the Local Administration Report for the year I find it stated that the material condition of the tenants has deteriorated. Their indebtedness has largely increased, not by extravagance in expenditure, but by reason of their inability to repay seed-

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loans. They have also suffered grievous loss in the death of plough-cattle. The malguzars are said to have suffered even more severely. They have become more involved in debt, while their estates have depreciated in value. Apart from losses in their home-farm and rent collection, they have lost heavily in their grain advances to their tenants regarding seed and subsistence. As was inevitable under the circumstances, the area under plough was, if the cotton tracts be excluded, less than the normal, and on this contracted area the conditions under which kharif and rabi were sown were equally unfavourable. The revenue as fixed at the new settlement on the basis of an almost unbroken record of good seasons accompanied by a large expansion of the cultivated area was 94 lakhs, and we find that with a diminished cultivated area, an outturn below the average and an impoverished peasantry and proprietary body, the realizations were only 8 lakhs less than the above. I have nothing to say regarding the northern districts, or the Nagpur Province. Here, as far as I have been able to make out, the policy of forbearance as laid down in Your Excellency's Resolution of last year was, generally speaking, given effect to. I regret I cannot say the same of the Chhatisgarh. I must confess I have heard the people often and often complain of the rigour with which the collections were enforced, especially in Raipur and Bilaspur. I am aware the people are prone to exaggerate, and it is often difficult to find out the truth in an over-coloured account of a person smarting under a sense of supposed wrong. But official records when properly examined seem to indicate that the complaints were not wholly unfounded. I find the Commissioner, while admitting that the malguzars have suffered most heavily, laying down in his divisional report that 'the necessity of firm administration was never more apparent' than when the 'appetite of the people' had been 'whetted by concessions' and that 'a firm hand was needed to bring them to their bearing'. Everybody who has any experience of these matters knows that the subordinate officials directly responsible for the collection are seldom lacking in zeal, and I would not wonder if, knowing that the key-note of their Commissioner's policy was 'firm administration,' they did not err on the side of leniency. In 1894-95, in Raipur (Khalsa), with an area under plough of $25\frac{1}{2}$ lakhs of acres and with an excellent rice-crop, the land-revenue paid was $8\frac{1}{2}$ lakhs. During the year under discussion, the area under plough was about 19 lakhs and the outturn three-fourths of a normal average. The export of rice, which is a sure index to the character of the season and the paying capacity of the people, was, during the year ending 30th September 1901, $3\frac{1}{4}$ lakhs and during the year ending 30th September 1902 5 lakhs of maunds, as against $37\frac{1}{2}$ lakhs in 1894-95. And yet it is found that the realizable land-revenue was $8\frac{1}{2}$ lakhs, the same as in old prosperous years,

and the actual realization 7 lakhs 45 thousand, or 88 per cent. A part of this was no doubt on account of arrears, but to the payee it was all the same under what account his payment was distributed. The Commissioner admits that these results, so satisfactory from a revenue point of view, were not obtained 'without a certain amount of coercion,' which is justified on the ground of 'demoralization of the people'. But it was apparently overlooked that Raipur was the most acutely affected district in the acutest famine the Province has ever passed through. The rice, its staple crop, had been blasted almost in its entirety, and it was not possible for the people with seasons below the average following the famine to have so far improved their position as to be able to pay 88 per cent. of the full assessment without being compelled to borrow and to stint the necessities of life. And this is what seems to have taken place. In spite of the restrictions on alienation recently imposed and the depressed condition of landed property, transfers largely increased. I will not detain the Council by an examination of Bilaspur figures. They tell the same tale. The realizations have reached 90 per cent. of the demand as per *kistbandi*. I gratefully acknowledge that the Budget figure for the ensuing year has been framed in a spirit of generous recognition of the depressed condition of the people, and I hope the same generosity will characterise actual administration.

"Agricultural Banks.—After over a quarter of a century of more or less academic discussion, an important fresh start was given to the question of introduction of Rural Banks by the publication of the reports of the Simla Committee and the Famine Commission. While unable to make any definite pronouncement, the Hon'ble the Finance Minister held out the hope that definite proposals would soon be formulated. I make no doubt they will be instinct with the same feeling of deep sympathy with the misfortunes of our agriculturists as have characterised other measures of Your Excellency's Government. The question being under consideration, I may be excused for submitting a few remarks. The system that seems to find most favour is what is known as the mutual credit or co-operative system. I do not deny that if we had only to deal with a class of men in a fairly prosperous condition and possessed of sufficient business habits and credit to combine for their mutual benefit, they could well have been left to work out their own salvation. But such unfortunately is not the actual state of the case. In many parts of the country our peasantry are in such a chronic state of indebtedness and their credit is so low that nothing short of an extraneous organization, able and willing to extricate them from their present condition of virtual serfdom to their creditors and thereafter to advance them money on fair terms to meet their ordinary current wants and for land improvement, can bring about the devoutly-wished-for reform. For

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the success of such an organization something more substantial than mere 'good will', the only contribution that, according to a distinguished Bombay officer, the Government would be prepared to make to the solution of this difficult problem, is wanted. If the newspaper accounts are correct, it was not by this mode of grappling with the problem that Lord Cromer has succeeded with his Egyptian peasantry under conditions somewhat similar to the conditions obtaining here. What is needed in the case of men, who owing to their present helpless condition, aggravated, if not induced, by the recent seasonal disasters, are unable to help themselves, is an institution that would take the place of the present money-lenders and be able to lend on individual credit on reasonable terms. And as, in spite of what is said to the contrary, you cannot run a Bank that is to meet the demands of a large population from year's end to year's end on mere philanthropic principles, special facilities, subject to such conditions as the Government may think fit to impose, have to be granted to place the concern in a position gradually to take the place of the money-lenders and at the same time to earn a fair return on the capital invested. I do not advocate anything which the Government, of which Lord Cromer was a member, was not prepared to give in 1884. A complete scheme intended to have operation in the Purandur Taluqa of the Poona District was then formulated. It is said to have fallen through because the Secretary of State would not sanction it. But matters have become more critical since then, and it is possible that a similar scheme may now receive favourable consideration. In any case I respectfully draw attention to the proposals of 1884.

"Octroi Taxation in Municipalities.—Last year the Hon'ble Mr. Sri Ram had referred to a Resolution of Government laying down the broad principle that octroi in municipal towns should not be levied on articles subject to sea-customs duty at a rate higher than one-quarter anna per rupee, except in the case of ghee, timber and tobacco. Since then a further development has taken place. Octroi is the mainstay of municipal revenue in great many important towns in the Central as in the United Provinces, and, considering the all-embracing character of the sea-customs duty, the Government order threatened a serious dislocation of municipal finance. It was accordingly represented by the local bodies in my Province—and their representation had to a great extent the support of the Local Administration—that the existing rate, which ranged from one-quarter to one anna per rupee, should be permitted to be maintained, except in cases where it may degenerate into a transit-duty on through trade. Final orders have recently been received. They are to the effect that the utmost concession the Government is prepared to make is to allow in the case of six articles only a special rate of three-

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quarters of an anna, this rate, however, being worked down within the next five years to one quarter anna. As the exempted articles occupy only a subordinate position in the schedule and as moreover five years is not a long period in the history of municipal administration, how best to meet the heavy loss of revenue thus threatened is already causing the committees the greatest anxiety, especially as nowhere are their funds equal to the strain of the progressive need for improvement which is every day gaining in urgency in our growing towns. The Hon'ble the Finance Member said last year that octroi gave special openings for fraud and that he could hardly think of a more useful municipal tax than a house-tax. I venture respectfully to draw his attention to the remarks of Sir Charles Crosthwaite, who, when he says that it would be impossible to raise in Northern India or in the Central Provinces by direct taxation anything like the sum raised by octroi taxation, that the attempt to substitute direct taxation for octroi taxation would lead to much and serious trouble, and that the discontent created would be out of all proportion to any advantage that would result, crystallizes local knowledge and experience. In the Central Provinces octroi is as old as the days of the Bhosla rulers. It is paid mostly by traders, and the rest of the community do not feel that they pay any tax. Moreover, it is the presence in the schedule of the very rates which the Government order aims at reducing which gives equality of incidence. For most of the articles coming within the purview of the Resolution are luxuries, and the relief which the reduction of rates would give would be a relief to the rich at the expense of the poor. As to cost of collection, our experience has been that in large towns octroi costs the least to collect, and, as for fraud, it is reduced to a minimum under the system of fixed-value-passes that we have introduced. Under these circumstances, I venture to hope that the Government would be graciously pleased to reconsider the matter and permit a maximum rate of at least three-quarters of an anna as a permanent measure as recommended by our late Chief Commissioner, Sir Andrew Fraser, in the case of such municipalities only where the incidence of deduced average consumption shows that nothing that is not consumed within municipal limits is taxed. Any other course would, I am afraid, mar the usefulness of an institution that under the sympathetic guidance of officers of Government is doing good work to the advantage of the people and to the satisfaction of the Local Administration.

"Excise-duty on cotton-goods.—In view of the present depressed condition of the mill-industry, especially in Bombay, I am tempted to say a few words regarding the excise-duty on cotton-goods. It would appear, from the discussion which took place in this Chamber when this duty was imposed in 1894, that its introduction was a measure undertaken by the Government of India not of its

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own initiative but in obedience to a mandate from Her late Majesty's Government in England. Even so, one is never without hopes that the burden of a tax, imposed not on its own merits but under the pressure of the overpowering influence of an authority which is supreme in this as in other matters, may, if it be found to be injuriously affecting an industry, which is deserving of every fostering care the Government can bestow on it, be taken off, or at least made less onerous. Indeed, circumstances have so altered since the duty was imposed that one feels impelled to draw attention to the hardship that is involved in its continued existence. In 1894, the mill-industry was in a fairly prosperous condition. The purchasing power of the Indian people had not been paralyzed, as it since has been, by devastating famines. Competition of Japan in the China market had only just made its appearance, but had not succeeded in making its influence felt to any appreciable degree. And it was said in justification of the duty that with increasing prosperity its burden would in due course be transferred to the consumer through the medium of a rise in prices. But unfortunately the contrary has happened. The price of cloth, instead of going up, has gone down by about 12 per cent. since 1894, nor has it been found possible to reduce the cost of production to such an extent as to leave a margin for profit large enough to make up for the fall in prices. Thus the anticipated transfer of the burden from the producer to the consumer not having taken place, it has necessarily to be borne by the former. But since some time past the mill-industry has been passing through a severe crisis; and thus the pressure of the duty, which might, under favourable circumstances, have been borne with ease, has become oppressive. A concrete example will explain this. A competent authority has put the average selling price of Bombay mill-made ordinary cloth at $7\frac{1}{2}$ annas and the average net profit, taking good with bad years, at $\frac{1}{2}$ anna per lb. Thus the profit made on 100 lbs. which costs 750 annas to produce, is 50 annas, and this profit has to bear a duty of 26 annas, or over 50 per cent. The foreign trade is said to be subject to an equally onerous charge. I do not possess the necessary technical knowledge to discuss the currency question, but there are some broad facts which, in my humble judgment, seem to deserve consideration. Prior to the closing of the Mints to the free coinage of silver, the par of exchange was on the same footing as regards our rupee and the Chinese dollar. But since the adoption of the closure policy, the rupee is not on the natural basis of its intrinsic value. An artificial value has been placed on it, so that while the metal of which it is composed has gradually dwindled down to 22*d.* the rupee itself has been maintained at 42*d.* per ounce. But as such a state of things does not exist in China; the Indian manufacturer, who sells his goods in China, receives in exchange

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a certain number of dollars, which, when he converts them into rupees, give him a smaller number of that coin than what they did before the currency was contracted. Thus where he used to get 220 rupees for every 100 dollars, he now gets 120 rupees. At a recent meeting of the Bombay Chamber of Commerce, the Hon'ble Mr. Moses said that the condition of the Bombay mills was deplorable. Ten mills had been closed or sold at a third of their original value, eleven were about to go into liquidation, and the rest were eking out a bare existence. Even when acting in combination the fiscal measures of Government may not, as is sometimes alleged, have brought about this state of things. Other causes may be in operation, but that the excise-duty and the dislocation of the dealings with China owing to the currency policy have had their share in aggravating the present depression seems to be clear. I am not competent to say whether the benefits which have flowed from the currency policy do not outweigh the disadvantages it may have caused, and I should not be understood to criticise that policy in an adverse spirit. All I wish to urge is that our mill-industry has a special claim to indulgent treatment. Its ruin involves not merely the ruin of a venture in which 15 to 20 crores of capital has been sunk, but such a misfortune is sure to operate as a deterrent to the development of manufacturing industries in the future. Considering how vitally important it is that the Indian population should not be reduced to one dead level of poverty-stricken agriculturists to sink under the strain of the first failure of crops in spite of all the aid the Government in its bounty may give, it is not too much, I submit, to ask for an enquiry. And if, as has been said by persons entitled to speak with authority, it be found that much of the goods which pay excise do not enter into competition with Manchester, or if they did, do so only to a microscopic degree, a strong case would be made out for the abolition or the partial abolition of the duty, which might influence the Government in England. The recent imposition of an import-duty on corn in England, without any countervailing excise-duty on home-grown corn, would also justify a re-opening of the question.

"Irrigation.—Soon after Your Excellency assumed the government of this country, you were pleased to say, 'the subject of irrigation appealed very closely to my concern.' This declaration has been followed up by prompt action, and irrigation now occupies a foremost place in the financial arrangements of the year. For this the Central Provinces have cause to be especially thankful. For they had hitherto been conspicuous by their absence in the accounts relating to irrigational expenditure. All that is changed now. Until the report of the Commission and the Government order thereupon are received,

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no definite line of action can be taken. But in the meantime the provisional recommendations of the Commission are being given effect to, especially in the Chhatisgarh, where the appearance of distress has, to some extent, precipitated matters. Our three big rivers, Weinganga, Mahanuddy and Nerbudda, lend themselves, more or less, to large projects, and these are being investigated by the Public Works Department, and will, when feasible plans are formulated, be carried out. Besides these, minor works, such as tanks, wells and field embankments, are being taken in hand through the agency of the District Revenue Staff and in consultation with the landholders, who are cordially co-operating and contributing funds to supplement Government grants. It would be impossible to overrate the good that these works will do. It costs nothing to belittle projects like these of immense practical utility by calling them mere matters of administrative detail, but those who are benefitting by them, and they are the entire agricultural population, think and hold otherwise.

“Agricultural Improvement.—Reference has been made to what is going on in the Central Provinces in the matter of agricultural improvement. Indeed, much useful work is being done there. The principle kept in view is not to force reforms inconsistent with the condition of our agriculture but to help in the introduction of such improved methods as can readily assimilate with our existing methods. And as this is best done by working in the midst of the people themselves where they can watch and learn what is being done, small demonstration farms, subsidiary to the experimental farm at Nagpur, have been started in suitable localities in various parts of the Province. Selected seeds and seeds of improved varieties are being distributed. Local methods are being improved by importation of more skilled labourers from one district to another. Intelligent landholders and cultivators are being helped in every way to introduce improved methods in their own farms. Useful information written in simple language is being disseminated. All this and much more, which I need not dilate upon, is being silently done. Our local Victoria Memorial is to take the form of an Institute for improvement of agriculture and industries. We have already registered ourselves under the Literary Societies' Registration Act, 1866, and, before leaving the Province, Sir Andrew Fraser laid down the foundations of an organization that is to cover the whole Province and that will be worked by a body of official and non-official members in harmonious co-operation with the Department of Agriculture. Our Director is to have an assistant, who will devote himself exclusively to this and cognate matters, and, I understand, our present Superintendent of the Nagpur Farm, Mr. R. S. Joshi, is to be that assistant. A worthier selection could not be made. Thoroughly trained in modern methods, intensely practical, possessing

[*Rai Bahadur Bipin Krishna Bose; Sayyid Husain* [25TH MARCH, 1903.]
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a complete knowledge of local systems and bringing to bear on his work a whole-hearted devotion, the Province, to quote the words of our Director, 'owes him a considerable debt for his many years of good work in the efforts to improve agriculture.' I hope and pray that, helped by these measures, the Province under the blessings of Providence will at no distant date once more enter upon an era of plenty and prosperity."

The Hon'ble SAYYID HUSAIN BILGRAMI said:—"My Lord, the congratulations with which Your Lordship has been greeted in the Council Chamber to-day will be echoed throughout the country, and though the tax-payer at large may not understand the skill and economy that have led to the signal financial success revealed in the Budget Statement of the year, he will none the less appreciate the relief which Your Lordship has been able to grant him from a part of his burden. Nor will the good deed go unrewarded, for I am persuaded that the remission of eight annas on salt will lead to an increased consumption in future years and reduce appreciably the loss estimated to accrue from this source.

"But while the relief afforded by the reduction of duty on salt will take some time in reaching the consumer, the raising of the limit of taxable income will be hailed at once by thousands of petty traders, clerks and pensioners and be a pleasant remembrance and happy augury to them of the year of His Majesty's Coronation.

"The recuperative power of the country, and the wise measures taken by Your Lordship's Government for its development, have resulted in a succession of four prosperous years, and we may be permitted to hope that these four years will be followed by many more of increasing prosperity. If the monsoons do not fail us, and war is averted, we may indeed count on recurring surpluses and a condition of stability in the finances of the country to which she has long been a stranger. With such a prospect before us, it may not be out of place to consider what use might be made of our anticipated prosperity, and in which direction our future surpluses might be employed with the greatest advantage to the country.

"I believe, my Lord, in the efficacy of education, and I believe that, as times permit, we should ask Your Lordship's Government for increased expenditure in this direction, and ask year after year until we get it. Much of the poverty, a great deal of the oppression of which we hear, is due to ignorance. Reforms in administrative departments may polish the surface; the real evil

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remains beneath and will never be reached until the people come to know their rights and are able to resist the petty oppression of subordinates. The simplicity of the Indian raiyat is easily imposed upon. The most benevolent measures only reach him in an emasculated condition, if they are not turned into fresh engines of extortion. One of the best abused departments is the Police in India, but half of its evil odour would evaporate if the people whom the Police is supposed to protect were not ignorant of the most elementary concerns of life. The administration of plague measures would give little trouble but for the same reason. The remission of part of the duty on salt which Your Lordship's Government has so graciously conceded will not, it is apprehended, reach the poor consumer at once, because in his ignorance he will let the middleman pocket the difference. Many an epidemic would be isolated and extinguished, many a serious riot would be prevented, but for the most childish misapprehensions bred of ignorance. In short, instances might be multiplied *ad infinitum* to show how the best intentions of our rulers often miscarry owing to the simplicity and ignorance of those who should benefit by them.

"I venture to submit, my Lord, that funds spent in dispelling this ignorance would be remunerative expenditure, as remunerative I was going to say as funds spent on irrigation, though in a different way. If its direct benefits are only moral, not material, it will indirectly and in its ultimate results bring in returns convertible into rupees, annas and pies. It will promote order, fortify and enhance the prestige and power of the executive and help to reduce expenditure in various directions, and in time even directly increase the receipts of the State. It is not an exaggeration to hold that no industrial revival, on which so much of the future prosperity of the country must necessarily depend, can take place until the general intelligence of the masses of its inhabitants has been raised to a higher level by the spread of education.

"Yet how has the work of educating the people been done up to this time? India is spending something under a crore of rupees from Provincial funds on education for the service of a population of 232 million souls. A comparative study, in this connection, of the outlay on education from public funds in the foremost civilized countries of the world is very instructive.

"Taking the year 1896-97 for convenience of comparison, one finds that while India was spending Rs. 95,22,000 in round numbers on education, both direct and indirect, England was spending on direct education alone no less a sum than Rs. 12,03,54,000; France was spending Rs. 12,42,98,000; Russia Rs. 5,24,81,000; Germany Rs. 5,19,78,000; and the United States of America Rs. 11,61,86,000!

"It will be seen from a Tabular Statement* which I will, with Your Lordship's permission, take the liberty of laying on the table, that, taking the respective populations of the countries concerned, the cost to the State per head of population works out at Rs. 3'9 for England ; Rs. 3'2 for France ; annas 6'4 for Russia ; Re. 1 for Germany ; Rs. 1'6 for the United States of America ; and pies 7'7 only for India !

"Total expenditure on education from all sources, including endowments, subscriptions, the large item of fees, local and Municipal funds, etc., was, for the same year, Rs. 3,52,00,000 in round numbers, so that the net contribution of the State towards education was less than one-third of the total cost. And yet the total cost, not quite a third of which, be it remembered, was borne by the State, will not work out to more than annas 2'3 per head of population, so that, if we wished to overtake even a backward country like Russia, we should still have to spend little short of three times the amount we are spending now from all sources, public and private.

"When we remember that in some of these countries vast sums are contributed by private munificence to the higher education of the people, and that State funds are mostly appropriated to primary education, we can form some conception of the disparity of the position India occupies in the civilized world. Even Russia, where the subject population is kept in a state bordering on slavery, spends nearly ten times as much as India !

"So much for State expenditure on education. Now let us enquire how many children are under instruction in India compared with other countries. I find for the same year that while we had some 37 lakhs of children under instruction in our schools (including aided and recognized private schools) out of a population of 232 millions, England had 65 lakhs out of a population of 31 millions, Japan 46 lakhs out of a population of 43 millions, and Russia 45 lakhs out of a population of 129 millions ! If we were moving at the rate of our British fellow-subjects we should have 480 lakhs under instruction, if we took Japan for our model we should have 248 lakhs, but if we were content to follow the lead of a backward country like Russia, we should still have 80 lakhs in our schools for our population ! Another Tabular Statement†, which I take the liberty of laying on the table, will bear out my contention.

"I think I have shown, my Lord, that His Majesty's Indian subjects are far behind every other civilized nation in the world in the matter of education. It is as much to the advantage of the rulers as of the ruled that this disparity

* *Vide* Appendix A.

† *Vide* Appendix B.

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should no longer be allowed to exist, and that the State should help us to overtake fellow-travellers who have left us far behind them on their onward way. To argue, as some will argue, that our condition would be a great deal worse if our affairs were not cared for by our English rulers, would be neither just nor generous. We are grateful for the innumerable blessings we enjoy under British rule, but we claim the right of a backward and struggling people to be helped to work out our salvation out of taxes paid by ourselves. India is a poor country: if it ever grows rich again it will be with the help of its generous rulers. In a matter of vital importance, like that of education, it would be fatal to wait till we can help ourselves. That would be reasoning in a vicious circle. Hitherto when the need for economy has risen the shears have been applied impartially and education has not been spared. In years of financial depression this was perhaps inevitable, but now that prosperity has once more made its appearance and promises to stay with us, what better use could be made of it than to make a more generous grant towards education and extend its boundaries forward in all directions? The people of India expect a great deal from Your Lordship in this and in other directions, and they have no doubt that they will get it before you leave her shores.

“I would have ventured to indicate another direction in which financial prosperity might afford relief to India—I mean the abolition of some of the duties that hamper our industries; but I feel persuaded that the question of the economic freedom of India will have to be fought on English, not Indian, ground, and when the battle is joined we know from past experience on which side Your Lordship’s voice will be raised.

“I do not wish to trespass on Your Lordship’s time much longer, but there is one small matter to which I will, with Your Lordship’s permission, call attention. The history of this Council, I need not remind Your Lordship, has been one of slow and cautious progress. There was a time when the Ordinances of the Governor General issued at his own initiative or with the consent of the Executive Council had the force of law. Judges of the Supreme Court were sometimes invited to help in the elaboration of enactments, but there was no representation of any kind. The next step was taken in 1861 by the constitution of the Legislative Council and the appointment on it of a few non-official Members, Indian and European, nominated by Government. In 1892 a further advance was made and the number of non-official Members was increased, and in 1893 a restricted amount of representation was conceded which has over and over again sent to

[*Sayyid Husain Bilgrami; Rai Bahadur P. Ananda Charlu.*] [25TH MARCH, 1903.]

the Council Members, both European and Indian, who have proved an ornament to the Legislature and a source of strength to its deliberations. The right of interpellation granted at the same time has often proved a means of clearing away misunderstandings and of justifying the Government to the public. At this point, however, the progress of popular principles has rested since 1892. There has been no further expansion, and, considering all interests, it is difficult to indicate in which direction further expansion is possible in the near future. There is one point of procedure, however, which Your Lordship might consider without making the smallest change in the constitution of the Council. The present practice is to allow one day for the presentation of the Budget and another immediately afterwards for what is called the debate. The interval between the two proceedings is far too short to permit of the non-official Members offering their views and criticisms with any fulness of preparation, while the official Members have hardly time to deal fully or adequately with any controversial matter that might have been brought up in the course of the debate. I therefore venture to suggest for Your Lordship's consideration whether it would not be in the best interests both of the Government and of the public in future to grant an extra day, and, if practicable, to increase the interval between the Budget Statement and the debate."

The Hon'ble RAI BAHADUR P. ANANDA CHARLU said:—"The widest and deepest thanks are due to Your Excellency's Government for the two reliefs in taxation which have been announced in the Budget we are considering—though one of them, the Salt-tax, does not come up to Your Excellency's ideal that the reduction must be on a sufficient scale to relieve the people on whom it pressed with the greatest weight or to the rule admitted by Sir Edward Law that a very small reduction would be of no avail to the consumer. More than these have been claimed and were claimable for these many years and were admittedly capable of being granted last year but for certain schemes, three in number which were named, and possibly two contingencies which loomed in front—both unspoken. One of these contingencies was a military scheme which was then in an embryonic form and which threatened to develop, on birth, into half a dozen Oliver Twists rolled into one. It had to be mentally reckoned with, as it was sure to come down upon the country—whether it is liked or not—with all the force of *vis major* with which there is no arguing. The other contingency arose in connection with the Delhi Darbar, for which an allotment had indeed been made, but which, like most human forecasts, *might* exceed the initial provision by a good bit, having regard to new phases in variety

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and attractions which would, too surely, obtrude into view in the interval and tempt acceptance and dovetailment. Ungrudgingly, however, had this contingency to be silently taken into account, as the scheme and its scale were determined upon with a *sincerity*, which there is no doubting—although there was a second side to the question and although many, whose standpoints and ideas of fitness of things were and are different, have, with equal sincerity, held the grand display as an outcome of the unconscious, and amiable frailty of masterminds, conscious of their strength—a display, by the way, that was calculated to outweigh a hundred homilies on the value of thrift and impressively convey to the public mind a practical lesson that expensive demonstrations are, after all, not out of place on festive occasions. But now that the boons are accomplished facts, by-gones must be by-gones and there ought to be room, in our hearts, for no other than a feeling of unmixed rejoicing, so far as these items of relief are concerned—especially as our minds would involuntarily and not unreasonably associate these concessions with the Coronation of our new Sovereign, though they had not synchronised with its celebration here or elsewhere. The remission in Salt-tax, so far as it goes, ought to open up proportionately a vista of gladness in many a poor household, where that tax has hitherto been remembered with ill-repressed irritation and a sense of injustice as each morsel entered the mouth. So at least, it must be in my Presidency, where a meal, with a stinted supply of salt, is worse than a loaf without leaven or sweets without sugar. It is, however, a pity that the remission has been given a *form* which may not bring the relief home to the understanding of hosts of small buyers and may, in practice, even keep them out of the blessing for a time—being in their credulity liable to be hoodwinked and bamboozled by the plausible representation that the reduction is meant as a premium to purchasers in maunds and not for the rest. ‘So much a seer’ would have been a happier form ; for the seer is the measure of most men’s purchase. Without laying myself open to the charge of looking a gift-horse in the mouth, I should suggest that the reduction should be a little more—and it could easily be a little more—so as to admit of its being realized in terms and units familiar to the masses, *i.e.*, as a pice, and not as four-fifths of a pice, per seer.

“ Then the relief would be both intelligible to and demandable by the poorer classes for whom—as I take it—it was distinctly meant. I trust the suggestion is not too late. Obviously, it could not be made earlier and it is never too late to mend. Otherwise, there is every risk of the capitalist and wholesale dealer absorbing the profit and doing the masses out of all participation in

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what to them would too surely be a blessing and not a 'trifle' as is put in the Budget, in strange incongruity with the immediate admission *that the tax (in question) is paid mainly by those who can least afford to contribute anything.* It is indeed true that this sort of game on the part of capitalists and wholesale dealers could not last long and economic laws must sooner or later assert themselves and arrest the mischief. But, in spheres where there is little knowledge of rights and less of competition, the mischief would enjoy a regrettably longish lease. This the authors of the benefaction must devise methods to minimise.

"Coming next to the relief respecting the income-tax, no less warm and general is the satisfaction that it has taken—not the form of lowering the *rate* or its abolition as has been pathetically suggested today, both of which would mean a favour to such as can pay—but the more generous form of saving from payment hosts who cannot afford it, without crippling their already slender resources and without foregoing many a homely comfort which would lend a charm to otherwise humdrum lives of fret and of dull monotony. There is, however, a manifest danger to this relief reaching most of those for whom it is expressly intended. Widows and orphans in receipt of small pensions and meagrely paid clerks in Commercial and Government offices will, of course, taste of the fruit, inasmuch as the definite amounts of their income will bar the use of the long bow and the inventive faculties on the part of the informer-class which is none the less unscrupulous for being governmentally employed. But the petty traders and others of uncertain and fluctuating income—the classes who make up the bulk of the donees of the relief—may, quite as now, be the victims of the very hardships and harassments which the Government expressly wish to preclude, *viz.*, harsh inquisitorial proceedings and over-assessments at unjustifiably high rates. Nothing is easier for the informer-class, which is behind the assessing class, than to overestimate the income and, being the masters of the situation as at present, frustrate the benevolent intentions of the Government in a vast majority of cases, if not wholly.

"On the evils of the method which has been all along pursued in the assessment of this tax I unbosomed myself at some length last year. My remarks are on record. I do not wish to repeat or paraphrase them today. I will only add this:—that the staff of informers who are behind the assessor and on the strength of whose assurances the assessments are virtually made are no better than the class miscalled King's witnesses, and that they should be rated no higher. If only their secret promptings are in a few

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instances thrown aside when not independently corroborated, their occupation would be gone and matters would right themselves wonderfully rapidly. At least in this single respect, the procedure of judicial tribunals ought to be accepted and acted upon, to be judicious and just, if for no other reason. It is certainly worthy of adoption to render the boon, now given, to become one in reality. That it may result in the acceptance of the interested assessee's version, though unsatisfactory, is true enough. But it certainly has at least the guarantee that it is given under the risk and trepidation of prosecution for a false return, while the allegations of the informer are both tainted and free from all fear of the criminal law.

“ Looking at this in the light of a Coronation Budget as it appears to me to be, I notice with pleasure that even the comparatively rich, *viz.*, a number of Native States, have had their gift in the shape of three years' interest on Government guaranteed debt, etc., though in my selfishness as a tax-payer I may grumble at their being cried off. This, however, must materially aid them in regaining their equilibrium after the severe strain they and their credit must have been put to, in actively displaying their rejoicing at the Coronation, whether it was at Delhi and in their own States. The cattle too, which cannot speak for themselves, are not forgotten; for they are expressly mentioned as meant and expected to participate in the salt-tax relief. With this may be coupled the comforting declaration, made in answer to my questions, that adequate provision is recognized as existing to enable them to live and to thrive. It will hereafter be their own fault if they deteriorate, die out or ignore the laws of trespass, as heretofore, and entail loss or prosecutions and other forms of harassment on their possessors by their neighbours or by Forest officials. But if facts, as they are, do not tally with the above-noted declaration, it is for the villages concerned to bring to light matters which appear to the Government too onerous and plainly useless—though in my opinion it will not be useless, if undertaken and accomplished notwithstanding that it would be onerous, which I must admit. I put the questions, not without some substratum of doubt as to things being all that they should be or are believed to be. In support of that doubt and out of some instances which have fallen within my observation I shall now only point out that, in respect of two villages of no less than 524 and 307 acres respectively, their printed settlement Registers, ready to hand contain this sentence: ‘Pasturage. No lands have been set aside for this purpose,’ without a word to explain why. It is perhaps a truism that the up-keep of plough-cattle at the requisite standard in numerical and staminal strength is as necessary an element of agricultural well-being as water and lessons on

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methods of cultivation, on rotation of crop and on suitable manure, all which might as well not exist, if *this* element is not up to the mark. It is, however, a truism, which, like many others, does often drop out of mind. It would be emphatically a case of the chain being as weak as the weakest link in it.

" Now that a continuous attention to irrigation is as good as ensured under Your Excellency's *regime*, it becomes urgent to study how best to improve the breed and the stamina of plough-cattle and how machine-devising ingenuity may be stirred up to supplement cattle-labour or supply its deficiencies in dealing with farms of a few acres each—say 20 to 50 acres—not of thousands, for which and for which alone even America appears as yet to have provided. Perhaps the new Agricultural Department and the Inspector-General of Agriculture may not find work in these directions out of place within their sphere of labours or too modest for achievement of striking distinction or startling results.

" The tiller of the soil too has not been lost sight of in the joyous moment. He gets his 25 lakhs for minor irrigation ; but it is unfortunate that the remark is more or less tacked on to it that, out of the 25 lakhs allotted last year, no more than 16 lakhs has been spent. If so, it is surely not the tiller's fault ; nor is it due to the absence of deficiencies which need remedying. The fact of this year's further allotment is an ample corroboration of the existence of the need for activity—unless it be like what it is not, *viz.*, the liberality of Dr. Primrose in Goldsmith's Vicar of Wakefield who put a guinea in the pocket of his market-going children to prevent them from sulking but with a distinct admonition not to change or to spend. Then again, the remark that water cannot flow up hill, involving as it does a sarcastic fling at the advocates of irrigation as the panacea of many ills, is no less unfortunate. It implies that all the tanks and reservoirs are in the best of repairs and in the best of conditions with their supply-channels in perfect order, that wells have been exploited for and sunk all over the area wherein needs and facilities have existed for them and that, apart from schemes which are said to require much time and careful preparation (grand canals presumably), the water millenium has reached the point where it is checked only by the natural law to which attention is drawn pointedly and with an undertone of triumph. Having some idea of the deficiencies in the several respects above enumerated, I beg leave to hold that the interval has not been long enough and the energy, brought to bear on that particular task, has not been in evidence strikingly enough, to impress one that the limits of feasibility have been reached. But, after all, no one asked that water should be made to flow uphill—though, if a proper case

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arose, science would have her solution. All that is asked, which was liable to be so satirised as a demand to carry water uphill is, wherever possible, to raise the waters of rivers to levels higher than their beds and banks as is done by Krishna and Godavari anicuts and similar embankments. This and like demands cannot be scoffed at, as though they were a bid to jump into the moon. Now, coming back to the Budget, one has to note, with some concern, that as to the vast body of the middle classes, they get no special gift. Spread of education, in its many forms, with a special eye to the technical side, a larger share in the government of their country so as to admit of retrenchments and of a just distribution of patronage, are among the special gifts which would be fittest for them. On these and some other points in the Budget worthy of criticism, I would fain enlarge. But time forbids.

“ I cannot, however, omit to take up just three or four minutes to touch on the subject of our army, on which I felt bound to speak year after year and at considerable length last year and which—by its immensity, concretely and palpably exhibited to the eye at Delhi—had upon me quite a stunning effect. In spite of the peremptory defence which was made by way of reply to my remarks last year and of the chaff to which I was benignly treated, I must confess I remain incorrigible. In adhering to the position I have all along taken to the best of my judgment, I have this day only to point out that, as regards my view as to absence of real fears to India from Russia it is concurred in by no less than Sir Edward Grey—not a sentimental pro-Indian, or an ill-informed dabbler in politics nor yet a pretentious globe-trotter—but one who—if my humble judgment is worth anything—might one day rise to the highest position under his Sovereign—one too whom—be it said to his lasting credit—not even the party-muzzle could gag when duty and truth seemed to him to demand outspoken utterance of his mind. Sir Charles Dilke—a keen observer and more or less an accepted authority on questions of Greater Britain—is virtually of the same way of thinking. I say ‘virtually’ as his statement that the present Indian Army is adequate for its purposes might be misconstrued into a denial of its being, to any extent, superfluous. As I understand him in the context, he was speaking—not on the issue whether it is or is not too much—but on the proposal of virtually adding to it. The need for such addition he denied, and all other considerations were irrelevant and were left untouched or taken for granted for the time being.

“ If as Sir Edward Grey has said—and said truly as I hold—the North-West Frontier of India is a bugbear and it would be more difficult for Russia to place 200,000 men there than for England, the only vulnerable point in this

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peninsula is practically safe and the only outside foe, if Russia is a foe as taken for granted, is powerless for harming her. Where then is India's enemy and where else is the weak point open to attack? Internal peril there is none. All turbulent spirits have been not only quelled but happily crushed once for all. The loyalty of the people is impregnable, if only on the basis of the strongest self-interest.

"While thus we are busy pressing our case—so to speak—for an inch, a demand is sprung upon us for quite a mile in the opposite direction. We read, in the papers, that the problem is raised and hotly debated in England whether we ought not to be saddled with a contribution virtually to the cost of the British forces, on what I should, in this connection, call the shadowy ground of imperial obligations. But this is far too vast and too-many-sided a problem to be dwelt upon here within the extremely limited time and with the very slender materials I may just now lay claim to. But this I feel I have a right to say, that, freed from all adventitious considerations and vague issues with which the problem is obscured and confused, the real imperial interests and obligations of Great Britain—as the local *Statesman* neatly put it the other day—lie 'in safeguarding of the over-sea portions of the Empire and the protection of the trade-routes which are the very life-blood of British prosperity'. To this must perhaps be added the obligations, still inchoate, which might arise from the relations which are beginning to be fostered between Britain and her colonies. Towards the first of these purposes, India would be doing more than ample by maintaining an army of her own, even with the reductions contended for. But would it be just to call upon her to open her already lean purse directly or even remotely for the benefit of people who, on the score of the out-of-date colour-privilege, are intolerant of Indians even as willing, useful, skilful and sober coolies, with the tokens upon them of a civilisation, of which sobriety and cleanliness are, and I hope will ever be, the distinguishing marks? It is for unbiassed statesmanship and British conscience to give the response."

The Hon'ble MR. GOKHALE said:—"Your Excellency, I desire at the outset respectfully to associate myself with what has been said by my Hon'ble Colleagues, who have preceded me, in recognition of the important measures adopted by Government this year to give relief to the tax-payers of this country. For five successive years now, the Hon'ble Finance Member has been able to announce a large surplus of revenue over expenditure, and these surpluses

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have aggregated over 22 crores of rupees, as may be seen from the following figures:—

Year	Surplus in crores of Rupees.
1898-99	3'9
1899-1900	4'2
1900-1901	2 5
1901-1902	7 4
1902-1903	4'1
<hr/> Total for 5 years <hr/>	<hr/> 22'1 <hr/>

“Moreover, a sum of over 11 crores has been spent during the period out of current revenues for meeting extraordinary charges, but for which the aggregate surplus would have amounted to over 33 crores of rupees. My Lord, to take from the people a sum of 22 crores in five years over and above the requirements of Government—ordinary and extraordinary—at a time again when the country was admittedly suffering from famine and plague and general industrial depression as it had never suffered before, is a financial policy, the justification of which is not at all clear; and I cannot help thinking that even the cautious mind of the Hon'ble Member ought to have been satisfied with a shorter period than five years and a smaller total surplus than 22 crores to be able to recognize that with a 16*d.* rupee Government were bound to have large and recurring surpluses year after year, when the level of taxation had been so determined as to secure financial equilibrium on the basis of a 13*d.* rupee. However, it is better late than never, and I sincerely rejoice that my Hon'ble friend was at last able to advise Government that the time had come when the claims of the tax-payers, who have had to submit to continuous and ceaseless additions to the taxation of the country during the last eighteen years, to some measure of relief might be safely considered. My Lord, as regards the particular form of relief, decided upon by Government, I have nothing but the warmest congratulations to offer. I confess I was not without apprehension that Lancashire, with its large voting strength in the House of Commons and its consequent influence with the Secretary of State for India, might once more demonstrate how powerless the Indian Government was to resist its demands and that the abolition of cotton-duties might take precedence of the reduction of the duty on salt. My fears, however, have happily been proved to be groundless, and I respectfully beg leave to congratulate Government on the courage, the wisdom and the statesmanship of their decision. Public opinion in India has for a long time prayed for these very

measures of relief, and the National Congress has, year after year, urged upon the attention of Government the necessity of raising the taxable minimum limit of the income-tax from five hundred rupees to one thousand, and of reducing the duty on salt from Rs. 2-8 a maund to Rs. 2 at the earliest opportunity. My Lord, I am surprised to hear the opinion expressed in some quarters that the reduction of the salt-duty will not really benefit the vast mass of our population, but that it will only mean larger profits to small traders and other middlemen. I think that those who express such an opinion not only ignore the usual effect on prices of competition among the sellers of commodities, but that they also ignore the very obvious lesson which the figures of salt consumption during the last twenty years teach us. An examination of these figures shows that, during the five years that followed the reduction of the salt-duty in 1882, the total consumption of salt advanced from 28·37 millions of maunds to 33·71 millions—an increase of 5·35 million maunds or fully 18 per cent. In 1887-88, the duty was raised from Rs. 2 to Rs. 2-8 a maund, which not only arrested the steady increase of the previous five years but actually led to a reduced consumption during the next four years, and this in spite of the fact that the figures for these years included for the first time the figures of salt consumption in Upper Burma. It was not till 1891-92 that the ground thus lost was again recovered, but since then consumption has remained virtually stationary—only a very slight advance of less than 6 per cent. being recorded in 14 years as against an increase of 18 per cent. in five years previous to the enhancement of the salt-duty. My Lord, I am confident that what has happened before will happen again, and that the Finance Member will not have to wait long before he is able to announce that the consumption of salt is once again steadily on the increase. And the loss of revenue caused by the reduction in duty at present will be only a temporary loss, and that in a few years' time it will disappear altogether in consequence of increased consumption. Again, my Lord, I have heard the opinion expressed that the duty on salt does not after all constitute any serious burden on the resources of the poorer classes of our community, because this duty, it is urged, is the only tax which they contribute to the State. Here, again, I must say that those who express such a view hardly realize what they are talking about. Our revenue is principally derived from Land, Opium, Salt, Excise, Customs, Assessed Taxes, Stamps, Forests, Registration and Provincial Rates. Of these, the Opium Revenue is contributed by the foreign consumer and may be left out of account. Of the remaining heads, the proceeds of the Assessed Taxes are the only receipts that come exclusively from the middle and upper classes of the people, and they are represented by a comparatively small sum—being less than two crores of

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rupees a year. On the other hand, the bulk of the Salt Revenue comes from the pockets of the poorer classes. The Abkari Revenue again is contributed mainly by them ; so also is the Forest Revenue. Under Stamps and Registration, they contribute their fair share—possibly more than their share, as the bulk of our litigation is about small sums. I believe they also contribute their share under Customs. And as regards Land Revenue and Provincial Rates, in raiyatwari tracts at any rate, a large proportion of this revenue comes from very poor agriculturists. So far, therefore, from contributing less than their fair share to the exchequer of the State, the poorer classes of our community contribute, as a matter of fact, much more than they should, relatively to their resources ; and Government have therefore done wisely in deciding to give relief to these classes by a reduction of the duty on salt. I trust it may be possible for Government to reduce this duty still further in the near future, for the consumption of salt, which in the time of Lord Lawrence was found to be about 12lb. per head in some parts of India, is now not even 10lb. per head, whereas the highest medical opinion lays down 20lb. per head as a necessary standard for healthful existence.

“My Lord, in the remarks which I made in the course of the Budget discussion of last year, I dwelt at some length on the heavy and continuous additions made by Government to the taxation of the country since 1886, and I urged that as the currency policy adopted by Government had put an end to their exchange difficulties, some relief should be given to the sorely-tried tax-payers by a reduction of the salt-duty, a raising of the taxable minimum limit of the income-tax, and the abolition of the excise-duties on cotton-goods. Two of these three prayers have been granted by Government this year, and it was much to be wished that they had seen their way to grant the third also. These excise-duties illustrate what John Stuart Mill has said about the Government of the people of one country by the people of another. They were levied not for revenue purposes but as a concession to the selfish agitation of Manchester. They are maintained owing to a disinclination on the part of Government to displease that same powerful interest, though the mill-industry in this country, owing to various causes, not the least important of which is the currency policy of Government themselves, is in a state of fearful depression. The justification ostensibly urged in favour of their retention is that the principles of free trade would be violated if they were removed while the imports from Manchester were liable to Customs-duties. The hollowness of this justification has, however, been effectively shown up by the present Editor of the *Times of India* in the brief Introduction contributed by him to a

pamphlet, published some time ago by my friend Mr. B. J. Padshah, in which the question of the effect produced by the excise-duties on the cotton-industry of India has been examined with elaborate care and a clear grasp of principles.

‘In deference to the representations of Lancashire mill-owners,’ says the writer of the Introduction, “India was compelled to impose an excise-duty upon her own cotton-manufactures. That is to say, she was forced to tax an internal industry at a peculiarly inopportune time for the benefit of Lancashire. She was practically sacrificed to the political exigencies of the moment. The British Parliament has now imposed a duty—not large but enough to be felt—upon imported corn. India sends corn to England just as Lancashire sends piece-goods to India. If the British Parliament really desires to render that justice to India which it so frequently professes, its only logical course must be to place an excise-duty on its own home-grown corn. Such a proposition is naturally impossible, but it serves to throw into strong relief the essential injustice of the present treatment of the Indian cotton-industry. The British Parliament is willing enough to thrust taxation upon Indian mill-owners for the benefit of their Lancashire brethren : but it places a protecting arm round the British farmer as against India.”

“In no other country would such a phenomenon of the Government taxing an internal industry—even when it was bordering on a state of collapse—for the benefit of a foreign competitor be possible, and I am inclined to believe that the Government of India themselves regret the retention of these duties as much as any one else. I earnestly hope that before another year is over the Secretary of State for India and the British Cabinet will come to realize the great necessity and importance of abolishing these duties, whose continued maintenance is not only unjust to a great Indian industry but also highly impolitic on account of the disastrous moral effect which it cannot fail to produce on the public mind of India.

“My Lord, the Financial Statement rightly observes that for the first time, since 1882, the Government of India have this year been able to announce a remission of taxation. Twenty-one years ago, a Viceroy, whose name will ever be dear to every Indian heart, assisted by a Finance Minister who has since risen to a most distinguished position in the service of the Empire, took advantage of the absence of any disturbing elements on the financial horizon to modify and partially reconstruct the scheme of our taxation and expenditure. The financial reforms of Lord Ripon and Major Baring (now Lord Cromer), joined to other great and statesmanlike measures of that memorable administration, roused throughout the country a feeling of enthusiasm for British rule such as had never before been witnessed :

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and the mind of every Indian student of political and financial questions constantly harks back to that time, because it sought to fulfil in a steady and earnest manner the higher purpose of England's connection with India. The fiscal status established during that period was rudely disturbed in 1835 in consequence of an apprehension of Russian aggression on the North-Western Frontier, and a period of continuous storm and stress, financial and otherwise, followed, which I venture to think has now happily come to a close. During the 14 years—from 1885 to 1898—the Government of India took about 120 crores of rupees from the people of this country over and above the level of 1882—85 (inclusive of about 12 crores for Upper Burma) under the larger heads of Revenue—about 36 crores under Land Revenue, 25 under Salt, 12 under Stamps, 18 under Excise, $15\frac{1}{2}$ under Customs, and $13\frac{1}{2}$ under Assessed Taxes. Nearly 80 crores out of this additional 120 crores, *i.e.*, fully two-thirds, was swallowed up by the Army services, whereas the shares that fell to the lot of public education out of this vast sum was represented by less than a crore of rupees. My Lord, I mention these facts not to indulge in vain regrets about a past which is now beyond recall, but because I wish earnestly and respectfully to emphasise the great necessity of increased expenditure in future on objects which have so far been comparatively neglected, as on these the ultimate well-being of the people so largely depends. As things stand at present, Indian finance is virtually at the mercy of military considerations, and no well-sustained or vigorous effort by the State on an adequate scale for the material advancement or the moral progress of the people is possible while our revenues are liable to be appropriated in an ever-increasing proportion for military purposes. My Lord, I do not wish to speak to-day of the serious and alarming increase that has taken place during the last eighteen years in the military expenditure of the country, which has risen in a time of profound peace from about $17\frac{3}{4}$ crores—the average for 1882-85—to $26\frac{3}{4}$ crores—the amount provided in the current year's Budget, *i.e.*, by over 50 per cent, when the revenue derived from the principal heads has risen from 51 crores to 69 crores only, *i.e.*, by about 35 per cent. Our Military expenditure absorbs practically the whole of our Land-revenue and exceeds the entire civil expenditure of the country by about $2\frac{1}{2}$ crores, thus demonstrating the excessive preponderance of the military factor in Indian finance. In no country throughout the civilised world do the Army Services absorb so large a proportion of the national income. Not even in Russia is this expenditure more than one-fourth of the total ordinary revenue, while with us it is about one-third, omitting, of course, from the Revenue side Railway receipts, which are balanced by a corresponding entry on the Expenditure side. Military safety is no doubt a paramount consideration to which every

other must yield, but military preparedness has no definite standard and might absorb whatever resources can be made available for it practically without limit. Moreover, the demands of military improvement must grow more and more numerous and insistent as years roll by, and there can be no finality in such matters. Military efficiency must, therefore, as Lord Salisbury once pointed out, be always *relative, i.e.*, determined in the case of each country by a combined consideration of its needs of defence and the resources that it can fairly devote for the purpose. Judged by this test, our military expenditure must be pronounced to be much too heavy, and unless effective measures are taken to bring about its reduction, or at any rate prevent its further increase, there is but little hope that Government will ever be able to find adequate funds for public education or other important and pressing measures of internal improvement. The question cannot be put better than in the eloquent words used by Lord Mayo in his memorable minute on the subject dated 3rd October 1870—words which are as true to-day as they were 30 years ago—if anything, even more so.

“ Though the financial necessities of the hour,” said he, “ have brought more prominently to our view the enormous cost of our army (16·3 crores) as compared with the available resources of the country, I cannot describe fiscal difficulty as the main reason for the course we have taken. I consider that if our condition in this respect was most prosperous, we should still not be justified in spending *one shilling more* on our army than can be shown to be absolutely and imperatively necessary. There are considerations of a far higher nature involved in this matter than the annual exigencies of finance or the interests of those who are employed in the military service of the Crown. Every shilling that is taken for unnecessary military expenditure is so much withdrawn from those vast sums which it is our duty to spend for the moral and material improvement of the people.”

“ The present strength of our Army is in excess of what the Simla Commission of 1879—of which Lord Roberts was a member—pronounced to be sufficient both for the purpose of maintaining internal peace and for repelling foreign aggression, not only if Russia acted alone, but even if she acted with Afghanistan as an ally. General Brackenbury, some time ago Military Member of the Governor General’s Council, admitted in his evidence before the Welby Commission that the present strength was in excess of India’s own requirements and that a portion of it was maintained in India for imperial purposes. The truth of this statement was forcibly illustrated during the last three years when India was able to spare, without apparent danger or inconvenience, a large number of troops for Imperial purposes in South Africa and China. Again, since the Army increases of 1885 were made, a great deal has been done at a

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heavy outlay of money to strengthen our coast and frontier defences and to place the administration of the Army on a sounder basis. The armed strength has, moreover, improved in other directions also. The number of Volunteers has increased by nearly 13,000 men. The Native Army reservists now number close upon 20,000 and the Imperial Service troops about 18,900—both new and recent creations. My Lord, I am free to admit that in these matters Government are bound to be guided, mainly, if not exclusively, by the opinion of their expert military advisers. But there are certain broad features of the situation—certain large questions of general policy—which, I believe, it is open to every one to discuss: and I venture to submit, with much diffidence and not without a sense of responsibility, a few remarks on this subject for the consideration of Your Excellency's Government. Our Army is for all practical purposes a standing army, maintained on a *war footing* even in times of peace. It is altogether an *inexpansive* force, without any strong auxiliary supports in the country such as exist in European States, and its strength can be augmented only by an arithmetical increase of its cost. In Western countries and even in Japan, which has so successfully copied the Western system, the establishment maintained in times of peace can, owing to their splendid system of reserves, be increased three, four, five, even six times in times of war. Japan, for instance, which spends on her Army in times of peace about one-fourth of what we spend, has a peace establishment half our own and can mobilize in times of war nearly double the number of men that India can. The British troops in this country are under the Short Service system, but owing to the peculiarity of the situation, the main advantage of short Service—*viz.*, securing for the country a large body of trained reservists—goes to England, while all the disadvantages of the system—the paucity of seasoned soldiers, increased payments to the British War Office for recruitment charges and increased transport charges—have to be borne by us. The Native Army is in theory a Long Service army, but it was calculated by the Simla Army Commission, on the basis of the strength which then existed, that as many as 80,000 trained Native soldiers obtained their discharge and returned to their homes in ten years' time. And the formation of reserves was proposed by the Commission so as to keep the greater number of these men bound to the obligations of service and also in the hope that the reserves so formed in time of peace might 'enable the Government to reduce the peace strength of the Native Army.' The Commission apprehended no political danger from such a restricted system of reserves, and it was calculated that the proposed reserves, if sanctioned, would absorb about 52,000 out of the 80,000 men retiring from the Army every ten years. Acting on this recommendation, Lord Dufferin's Government decided on the

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formation of such reserves, and proposed to begin with two kinds—regimental and territorial reserves—of which the latter system was naturally better suited to the circumstances of such a large country and would undoubtedly have succeeded better. But the India Office, more distrustful in the matter than the men on the spot, disallowed the formation of territorial reserves, with the result that our reservists today do not number even 20,000 men. Practically, therefore, we have to place our sole reliance on a standing army, and while the plan is, financially, the most wasteful conceivable, even as an organization of national defence it is radically faulty. No pouring out of money like water on mere *standing battalions* can ever give India the military strength and preparedness which other civilized countries possess, while the whole population is disarmed and the process of de-martialization continues apace. The policy of placing the main reliance for purposes of defence on a standing army has now been discarded everywhere else, and at the present moment India is about the only country in the civilized world where the people are debarred from the privileges of *citizen soldiery* and from all voluntary participation in the responsibilities of national defence. The whole arrangement is an unnatural one; one may go further and say that it is an impossible one, and, if ever unfortunately a day of real stress and danger comes, Government will find it so. My Lord, I respectfully plead for a policy of a little more trust in the matter. I freely recognize the necessity of proceeding with great caution, and if Government are not prepared to trust all parts of the country or all classes of the community equally, let them select particular areas and particular sections of the community for their experiment. What I am anxious to see is the adoption of some plan, whereby while a position of greater self-respect is assigned to us in the work of national defence, the establishments necessary during peace and war times may be separated and thus our finances may be freed from the intolerable pressure of an excessive and ever-growing military expenditure.

“ My Lord, the question which, in my humble opinion, demands at the present moment the most earnest and anxious attention of Government is the steady deterioration that is taking place in the economic condition of the mass of our people. In my speech on last year's Budget, I ventured to dwell at some length on this subject and I have no wish to repeat again today what I then said. But the Hon'ble Sir Edward Law has made a few observations on the question in the Financial Statement under discussion which I deem it my duty not to allow to pass unchallenged. At page 20 of the Statement, under the heading of Economic Progress, my Hon'ble friend observes :—

“ As a general indication of the increasing wealth of the taxpayers, I think that a very fairly correct estimate of the position is to be obtained by noting the increase

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in revenue returns under heads the returns from which are manifestly dependent on their spending power. Such heads are Salt, Excise, Customs, Post Office and in a lesser degree Stamps, and I give the following figures, showing progress in revenue under these heads during the last three years. The inevitable deduction from the figures tabulated must be that *the material prosperity of the people as a whole is making good progress.*"

"My Lord, I can only say that I am amazed at the Hon'ble Member's idea of what he calls the 'good progress' of the material prosperity of the people. Are the figures really so striking that they should convey to his mind a clear and emphatic assurance on a momentous question and fill him with such evident satisfaction? Last year, in replying to some of the remarks which I had made on this subject, the Hon'ble Member was pleased to state that I had been arbitrary in my selection of certain periods for comparison and that I had compared the statistics of an earlier period which was normal with those of a later period which was disturbed by successive famines. The Hon'ble Member's criticism was based on a misapprehension, because I had precisely avoided doing what he said I had done. However, having passed that criticism on me, one would have expected that the Hon'ble Member would be particularly careful in the selection of his own statistics. I am sorry, however, my Lord, to find that some of his figures are not only arbitrarily selected but are used in a manner which I can only describe as misleading. Take, for instance, the figures of Salt-revenue. The Hon'ble Member starts with the year 1899-1900, when the Salt-revenue was 5'85 millions sterling, and points out that it had risen to 6'04 millions for 1902-1903. Now, in the first place, the rise here is very small. But will the Hon'ble Member tell me why he took 1899-1900 as his starting year and not the preceding one, *viz.*, 1898-99, the Salt-revenue for which was 6'06 millions sterling, *i.e.*, slightly over the figure for 1902-03? If we take 1898-99 as our starting year, we can deduce from these same figures the conclusion that the Salt-revenue has actually diminished during these four years and that the ground lost since 1898-99 has not yet been regained. Again, take the figures for Stamps. As they are presented by the Hon'ble Member they no doubt show a small steady increase and the revenue for 1902-03 appears larger than for 1901-02, the figures given by the Hon'ble Member being 3'472 millions sterling for 1902-03 as against 3'446 millions sterling for 1901-02. But the Hon'ble Member seems to have lost sight of the fact that the figure for 1902-03 includes the revenue for Berar, which the figure for 1901-02 does not do; so that for purposes of a fair comparison the Berar revenue must be deducted from the former. The amount for Berar included in the figure for 1902-03 is, as Mr. Baker tells us, about £28,700. And, this amount being deducted, we get for

1902-03 a revenue of 3·443, which, it will be seen, is slightly lower than for the preceding year; and in fact Mr. Baker himself speaks in his note of the Stamp-revenue declining slightly during the year. The Hon'ble Member has also omitted to deduct receipts for Berar under Excise and Post Office from his figures for 1902-03, and has moreover made no mention, as Mr. Baker has done, of the recent assemblage at Delhi being responsible for a portion of the increase under Post Office. It is true that even after deducting the Berar quota the Excise-revenue shows some increase, but the Hon'ble Member must forgive me if I say that that is not necessarily a sign of increased prosperity though it is undoubtedly a sign of increased drunkenness in the land. Finally, many will decline to accept an increase of Customs-revenue in the present circumstances of India as any evidence of growing material prosperity. The bulk of our imports consists of manufactured goods, and almost every increasing import of foreign goods—far from indicating any increase in the country's purchasing power—only connotes a corresponding displacement of the indigenous manufacturer. Thus, while the import of cotton-goods has been for years past steadily increasing, we know, as a matter of fact, that hundreds and hundreds of our poor weavers throughout the country have been and are being driven by a competition they cannot stand to give up their ancestral calling and be merged in the ranks of landless labourers—and this typifies, to a great extent, the general transformation that is fast proceeding throughout the country. The process of such displacement is not yet complete, but the large and progressive totals of our import-trade only show that the transition of the country from the partially industrial to the purely agricultural phase of economic life is going on at a rapid pace, and that the movement has already reached an advanced stage. There is at present hardly a country in the world which has become so preponderatingly agricultural or sends abroad so much of its food-supply and raw material for manufacture as British India. When the disastrous transformation is completed—and this is now only a question of time, unless remedial measures on an adequate scale are promptly undertaken—it will reveal a scene of economic helplessness and ruin before which the heart of even the stoutest optimist will quail. No doubt there are here and there signs of an awakening to the dangers of the situation, but the first condition of this awakening producing any appreciable practical results is that the fact of our deep and deepening poverty and of the real exigencies of the economic position should come to be frankly recognized by the Government of this country. And, my Lord, it is a matter for both surprise and disappointment that a few paltry increases in revenue under certain heads should be accepted by the Finance Minister of this country as conclusive evidence of our growing material prosperity, when many most important indications point just

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the other way. The annual death-rate, independently of famine and plague, has been steadily rising for the last twenty years, showing that a steadily increasing proportion of the population is being underfed; the increase of population during the last decade has been much less than normal; there has been a diminution of the net cropped area in the older Provinces and a more or less general shrinkage of the area under superior crops; the indebtedness of the agricultural population has been alarmingly on the increase all over the country; their losses in crops and cattle during the last five years have been estimated at 300 crores of rupees; the currency legislation of Government has enormously depreciated their small savings in silver; the wages of labourers have not risen, during the last twenty years and more, in proportion to the rise in the prices of necessaries. I venture to think that unless these disquieting symptoms are properly diagnosed, not even the high authority of my Hon'ble friend will suffice to convey any assurance to the public mind that 'the material prosperity of the people as a whole is making good progress,' and that no apprehensions need be entertained for the future, if only the revenue under certain heads continues to advance as it has done during the past three years.

"My Lord, Indian finance seems now to be entering upon a new and important phase, and the time has come when Government should take advantage of the comparative freedom, which the country at present enjoys from the storm and stress of the past eighteen years, to devote its main energies to a vigorous and statesmanlike effort for the promotion of the material and moral interests of the people. Speaking roughly, the first half of the nineteenth century may be said to have been for British rule a period of conquest and annexation and consolidation in this land. The second half has been devoted mainly to the work of bringing up the administrative machine to a high state of efficiency and evolving generally the appliances of civilized Government according to Western standards. And I venture to hope that the commencement of the new century will be signalized by a great and comprehensive movement for the industrial and educational advancement of the people. After all, the question whether India's poverty is increasing or decreasing under the operation of the influences called into existence by British rule—though of great importance in itself—is not nearly so important as the other question as to what measures can and must be taken to secure for this country those moral and material advantages which the Governments of more advanced countries think it their paramount duty to bring within the easy reach of their subjects. My Lord, I have no wish to judge, it is perhaps not quite just to judge, the work done so far in these directions by the British Government in India by the standard of the splendid achievements

of countries, more fortunately circumstanced and having a more favourable start than ourselves in the field. I admit the exceptional character of our Government and the conflicting nature of the different interests which it has got to weigh before taking any decisive action in this matter. But after so many years of settled government and of unchallenged British supremacy, it is, I humbly submit, incumbent now upon the rulers of this country to gradually drop the exceptional character of their rule and to conform year by year more and more to those advanced notions of the functions of the State which have found such wide, I had almost said such universal, acceptance throughout the Western world. European States for years past, have been like a number of huge military camps lying by the side of one another. And yet in the case of those countries, the necessity of military preparedness has not come and does not come in the way of each Government doing its utmost in matters of popular education and of national industries and trade. Our record in this respect is so exceedingly meagre and unsatisfactory, even after making allowances for our peculiar situation, that it is almost painful to speak of it along with that of the Western nations. In Europe, America, Japan and Australia, the principle is now fully recognized that one of the most important duties of a Government is to promote the widest possible diffusion of education among its subjects, and this not only on moral but also on economic grounds. Professor Tews of Berlin, in an essay on Popular Education and National Economic Development, thus states his conclusions on the point :—

“1. General education is the foundation and necessary antecedent of increased economic activity in all branches of national production in agriculture, small industries, manufactures and commerce. (The ever-increasing differentiation of special and technical education, made necessary by the continual division of labour, must be based upon a general popular education and cannot be successful without it.)

2. The consequence of the increase of popular education is a more equal distribution of the proceeds of labour contributing to the general prosperity, social peace, and the development of all the powers of the nation.

3. The economic and social development of a people, and their participation in the international exchange of commodities, is dependent upon the education of the masses.

4. For these reasons the greatest care for the fostering of all educational institutions is one of the most important national duties of the present.”

“My Lord, it is essential that the principle enunciated with such lucidity by Professor Tews in the foregoing propositions should be unreservedly accepted in

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this country as it has been elsewhere, and that a scheme of mass education should now be taken in hand by the Government of India so that in the course of the next twenty-five or thirty years a very appreciable advance in this direction might be secured. It is obvious that an ignorant and illiterate nation can never make any solid progress and must fall back in the race of life. What we therefore want—and want most urgently—is first of all a widespread diffusion of elementary education—an effective and comprehensive system of primary schools for the masses—and the longer this work is delayed the more insuperable will be our difficulties in gaining for ourselves a recognized position among the nations of the world. My Lord, the history of educational effort in this country during the last 20 years is sad and disheartening in the extreme. Lord Ripon's Government, which increased the State contribution to education by about 25 per cent., *i.e.*, from 98 lakhs to 124 lakhs between 1880 and 1885, strongly recommended, in passing orders upon the Report of the Education Commission of 1882, that Local Governments and Administrations should make a substantial increase in their grants to Education and promised special assistance to them from the revenues of the Government of India. But, before the liberal policy thus recommended could be carried out, a situation was developed on the frontiers of India which led to increased military activity and the absorption of all available resources for Army purposes, with the result that practically no additional funds were found for the work of Education. And in 1888 the Government of India actually issued a Resolution stating that as the duty of Government in regard to Education was that of merely pioneering the way, and as that duty had on the whole been done, the contribution of the State to Education should thereafter have a tendency to decrease. Thus, while in the West the Governments of different countries were adopting one after another a system of compulsory and even free primary education for their subjects, in India alone the Government was anxious to see its paltry contribution to the education of the people steadily reduced! In the quinquennium from 1885-86 to 1889-90 the State grant to Education rose from 124·3 lakhs to 131·6 lakhs only, *i.e.*, by less than 6 per cent., and this in spite of the fact that the amount for the latter year included State expenditure on Education in Upper Burma which the former year did not. Since 1889-90 the advance under the head of Educational expenditure from State funds has been slightly better, but part of this increase since 1893 has been due to the grant of exchange compensation allowance to European officers serving in the Educational Department throughout India. It is only since last year that the Government of India has adopted the policy of making special grants to Education, and I earnestly hope that, as year follows year, not only will these grants be increased, but that they will be made a part of the permanent

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expenditure of the State on Education. In this connection I would earnestly press upon the attention of Government the necessity of making Education an Imperial charge, so that the same attention which is at present bestowed by the Supreme Government on matters connected with the Army Services and Railway expansion might also be bestowed on the education of our people. Under present arrangements, Education is a Provincial charge and the Provincial Governments and Administrations have made over Primary Education to local bodies whose resources are fixed and limited. No serious expansion of the educational effort is under such arrangements possible. In the Bombay Presidency, for instance, District Local Boards, who have charge of Primary Education in rural areas, derive their revenue from the one-anna cess which they have to devote in certain fixed proportions to Primary Education, Sanitation and Roads. Now, our revenue-settlements are fixed for 30 years ; which means that the proceeds of the one-anna cess in any given area are also fixed for 30 years ; and as Government, as a rule, contributes only $\frac{1}{3}$ rd of the total expenditure of these boards on Education, it is clear that the resources that are available at present for the spread of Primary Education in rural areas are absolutely inelastic for long periods. There are altogether about $5\frac{1}{2}$ lakhs of villages in British India, out of which, it has been calculated, four-fifths are at present without a school ; the residents of these villages pay the local cesses just like other villagers, and yet the necessary educational facilities for the education of their children are denied them !

“ The position as regards the spread of primary education and the total expenditure incurred in connection with it in different countries is shown in the following table. The figures are taken from the Reports of the United States Commissioner of Education, and are for 1897 or 1898 or 1899 or 1900 as they have been available :—

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Name of Country.	Population in Millions.	Total enrolment in Primary Schools in Millions.	Ratio of enrolment to population.	Total expenditure in millions of pounds.	Expenditure per head of population.	REMARKS.
					s. d.	
EUROPE.						
Austro-Hungary . . .	41'4	6'2	15	5'35	2 6	
Belgium	6'7	'8	14'5	1'5	4 6	
Denmark	2'2	'3	14	...	...	Expenditure figures not available.
France	38'5	5'5	14'4	8'9*	4 11	*On public Schools only, which enroll about three-fourths the total.
Prussia	34'5	6'3	20	9'2	5 4	
England and Wales . .	31'7	5'7	17'7	12'1	5 0	
Scotland	4'3	'7	17	1'6	7 8	
Ireland	4'5	'8	17'6	1'2	5 5	
Greece	2'5	'16	6'7	...	...	Figures of expenditure not available.
Italy	32	2'4	7'3	2'5	1 7	
Norway	2	'3	16'4	4'5	4 6	
Portugal	5	'24	4'7	...	...	Do. Do.
Russia	126'5	3'8	3	14	0 8	†State contribution only.
Spain	18'2	1'4	7'4	...	...	Figures of expenditure not available.
Sweden	5'1	'74	14'5	1'1	4 2	
Switzerland	3'1	'65	20'7	1'3	8 5	
ASIA.						
India (British) . . .	221'2	3'16	1'4	'76	0'83	
Japan	42'7	3'3	7'8	2	0 11	
AFRICA.						
Cape Colony	1'5	'15	9'65	'27	3 6	
Natal	'54	'02	4'50	'06	2 2	
Egypt	9'7	'21	2'17	...	...	Expenditure figures not available.
AMERICA.						
United States	75'3	15'3	20'9	44'5	91 0	
Canada	5'2	'95	18	2	7 9	
AUSTRALASIA.						
	4'3	'79	18	2'5	11 7	

“The figures of expenditure on Higher Education in various countries are also most interesting and instructive :—

Name of Country.	Total amount spent.	Expenditure per capital of population.
Austria . . .	‘56 millions sterling	6d.
Belgium . . .	‘16 ” ”	6d.
Denmark . . .	‘06 ” ”	8d.
France . . .	‘92 ” ”	6d.
Germany . . .	‘16 ” ”	7d.
Great Britain & Ireland .	‘17 ” ”	11d.
Greece . . .	‘02 ” ”	2d.
Italy . . .	‘46 ” ”	3½d.
Norway . . .	‘04 ” ”	4d.
Russia . . .	‘95 ” ”	2d.
Spain . . .	‘1 ” ”	1½d.
Sweden . . .	‘14 ” ”	6½d.
Switzerland . . .	‘14 ” ”	11d.
United States . . .	3‘5 ” ”	11d.
Canada . . .	‘21 ” ”	10d.
Australasia . . .	‘13 ” ”	8d.
India . . .	‘28 ” ”	¼d.

“Except in England, the greater part of the cost of higher education, about three-fourths and in some cases even more, is met everywhere out of the funds of the State.

“My Lord, even allowing for the difference in the purchasing power of money in this country and elsewhere, these figures tell a most melancholy tale and show how hopelessly behind every other civilized nation on the face of the earth we are in the matter of public education. It is sad to think that, after a hundred years of British rule, things with us should be no better than this, and, unless the work is taken up with greater confidence and greater enthusiasm, there is small hope of any real improvement in the situation taking place. In other countries, national education is held to be one of the most solemn duties of the State and no effort nor money is spared to secure for the rising generations the best equipment possible for the business of life. Here it has so far been a more or less neglected branch of State duty, relegated to a subordinate position in the general scheme of State action. Now that an era of substantial surpluses has set in, Government will not find themselves debarred from taking up the work in right earnest by financial difficulties. In this connection, I respectfully desire to make one suggestion—*vis.*, that henceforth, whenever there is a surplus, it should be appropriated to the work of promoting the educational and

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industrial interests of the country. At present these surpluses go to reduce the amount of our debt, but, as the Hon'ble Sir Edward Law has pointed out in the Financial Statement, our burden of debt is by no means heavy, and there are valuable assets on the other side to cover the whole of it. Surpluses, after all, mean so much more taken from the people than is necessary for the purposes of the administration, and I think it is most unfair that these surplus revenues should be devoted to the reduction of a debt which is not at all excessive, when questions concerning the deepest welfare of the community and requiring to be taken in hand without any delay are put aside on the ground of want of funds. We have seen that the surpluses during the last five years have amounted to over 22 crores of rupees. If this vast sum had been set apart for the promotion of our educational and industrial interests instead of being needlessly devoted to a reduction of debt, what splendid results the Government would have been able to shew in the course of a few years ! My Lord, the question of expenditure lies really at the root of the whole educational problem. The country has recently been agitated over the recommendations of the Universities Commission appointed by Your Excellency's Government last year. I do not desire to say anything on the present occasion on the subject of University reform, but it strikes me that if Government made its own institutions really model ones by bringing up their equipment to the highest standard and manning them only with the best men that can be procured both here and in England, the private colleges would necessarily find themselves driven to raise their own standard of equipment and efficiency. And if a number of post-graduate research scholarships were established by Government to encourage lifelong devotion to higher studies, the whole level of higher education in the country will be raised in a manner satisfactory to all. I think it is absolutely necessary that men whom the Government appoints to chairs in its own Colleges should set to their students the example of single-minded devotion to learning, and should, moreover, by their tact and sympathy and inborn capacity to influence young men for good, leave on their minds an impression which will endure through life. Only such Englishmen as fulfil these conditions should be brought out, and I would even pay them higher salaries than at present if the latter are found to be insufficient to attract the very best men. They should further be not young men who have just taken their degree, but men of some years' educational standing, who have done good work in their subjects. My Lord, it is difficult to describe in adequate terms the mischief that is done to the best interests of the country and of British rule by the appointment of third or fourth rate Englishmen to chairs in Government colleges. These men are

unable to command that respect from their students which they think to be due to their position, and then they make up for it by clothing themselves with race pride, which naturally irritates the young men under them. The result often is that young students leave college with a feeling of bitterness against Englishmen, and this feeling they carry with them into later life. On the other hand, the influence which a first class Englishman, who knows how to combine sympathy with authority, exercises upon his pupils shapes their thoughts and feelings and aspirations throughout life, and they continue to look up to him for light and guidance even when their immediate connection with him has come to an end. My Lord, the question of technical instruction has often been discussed during the past few years in this country, and some time ago Your Excellency was pleased to ask if those, who so often spoke about it, had any definite proposals of their own to make. I do not, however, see how such a responsibility can be sought to be imposed upon our shoulders. Government have command of vast resources, and they can procure without difficulty the required expert advice on the subject. If a small Commission of competent Englishmen and Indians, who feel a genuine enthusiasm for technical education, were deputed to those countries where so much is being actually done by their Governments for the technical instruction of their people, to study the question on the spot, in a year or two a workable scheme would be forthcoming, and with the large surpluses which the Hon'ble Finance Member is now able to announce year after year, a beginning could almost at once be made, and actual experience would suggest the rest.

"My Lord, there is one more question on which I beg leave to offer a few observations. The question of the wider employment of Indians in the higher branches of the Public Service of their own country is one which is intimately bound up, not only with the cause of economic administration, but also with the political elevation of the people of India. There is no other country in the world where young men of ability and education find themselves so completely shut out from all hope of ever participating in the higher responsibilities of office. Everywhere else, the Army and the Navy offer careers to aspiring youths which draw forth from them the best efforts of which they are capable. These services, for us in this country, practically do not exist. The great Civil Service, which is entrusted with the task of general administration, is also very nearly a monopoly for Englishmen. But it is not of these that I propose to speak today. I recognize that, in the present position of India, our admission into these fields of high employment is bound to be very slow, and I can even

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understand the view that, for the purpose of maintaining British supremacy intact, there must be for many years to come a large preponderance of Englishmen in the ranks of these services. But, my Lord, our exclusion from high office does not end here. In all the Special Departments, or Minor Services, as they are called, our position is even worse. In the Judicial and Executive branches of the public service, the subordinate ranks at any rate are manned by us. But in such departments as Forests, and Customs and Salt and Opium, our exclusion from even lower ranks is practically complete. Thus, in the Survey Department of the Government of India, there are altogether 132 officers, with salaries ranging from 300 to 2,200 rupees a month, and of these only two are Indians and they are in the last grade of Rs. 300. There are, moreover, 45 officers in this Department whose salaries range between Rs. 160 to 300, and even among these, only ten are Indians. Again, take the Government Telegraph Department. There are 52 appointments in it, the salaries of which are Rs. 500 a month and more. and of these only one is an Indian. In the Indo-British Telegraph branch, there are 13 officers with salaries above five hundred rupees a month, and among these there is not a single Indian. In the Mint Department, there are six officers with salaries above five hundred, and there too, there is not a single Indian. So too in the Post Office. Last year there was only one Indian in that Department among the ten men who drew salaries above five hundred. But he was a member of the Civil Service, and it was in this capacity that he was there. In the Geological Survey, 2 out of 14 officers, drawing salaries above Rs. 500, are Indians; in the Botanical Survey, none. In the Foreign Department, out of 122 such officers, only 3 are Indians; under Miscellaneous there are 22 such officers, but not a single Indian is among them. It is only in the Financial Department that there is any appreciable proportion of Indians, namely, 14 out of 59, among those whose salaries are above five hundred a month. Turning to the Departments under Provincial Governments, and taking the Presidency of Bombay, we find that in the Forest Department there are 29 officers whose salaries and allowances come to Rs. 500 and above a month; of these only one is an Indian. In the Salt Department, there are 13 places with salaries above four hundred a month, and not a single one among these is held by an Indian. In the Customs Department of Bombay, there are 13 officers who draw Rs. 300 a month and above, and of these only three are Indians. The Medical Department is of course practically a monopoly of Englishmen. In the Police Department, there are 49 officers classed as Superintendents and Assistant Superintendents with salaries from Rs. 200 upwards, and there is not a single Indian among them. Only among 11 Probationary Assistant Superintendents there are 4 Indians.

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In the Educational Department, there are 25 officers drawing salaries of Rs. 500 and above, and of these only 5 are Indians. In the Public Works Department the proportion of Indians is larger, there being 26 Indians classed as Executive Engineers and Assistant Engineers out of 81 Superior Officers of the Department. Turning next to Bengal, we find that in the Forest Department there are 26 officers whose salaries range between Rs. 200 and Rs. 1,200 a month, and among these only 2 are Indians and they are in the lowest grades. In the Salt Department there are 4 officers with salaries ranging from Rs. 300 to Rs. 1,000. There is no Indian among them. In the Customs Department there are 41 appointments, with salaries ranging from Rs. 260 to Rs. 2,250; not a single one among them is held by an Indian. In the Opium Department there are 87 officers with salaries coming down from Rs. 3,000 to so low a point as Rs. 140 a month only 12 out of these are Indians. Two officers belong to the Stamps and Stationery Department; one draws Rs. 1,100 a month and the other Rs. 500; but neither of them is an Indian. In the Jail Department there are 1 Inspector General, 12 Superintendents and 4 Deputy Superintendents. There is only one Indian among them, and he is in the rank of Deputy Superintendents. In the Educational Department there are 59 officers drawing Rs. 500 and above, and out of these only 10 are Indians. Lastly, in the Public Works Department, 84 officers draw a salary of Rs. 500 a month and above, of whom only 15 are Indians. The other provinces tell the same mournful tale, and I do not wish to trouble the Council with any more details in this matter.

“Now, my Lord, I would respectfully ask if such virtual exclusion of the children of the soil from these Special Departments can be justified on any grounds. Reasons of political expediency may be urged for our exclusion from the Army. It might also be urged with some show of reason that the Civil Service of India must continue to be recruited, as at present, by means of a competitive examination held in London, because that Service represents the traditions of British rule to the mass of the people, and its members must therefore be imbued with the English spirit and be familiar with English modes of thought: and that in theory at any rate Indians are free to compete for entrance into the service on the same terms as Englishmen. But why this shutting out of our people from the Special Departments also? There is no question of political expediency involved here. If Indians are found to sit on High Court Benches with dignity to themselves and honour to their country, it cannot be contended that they would be found wanting, if they were entrusted with responsible duties in the Opium or Salt or Customs

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Department. If it be argued that for the technical instruction that is necessary in the Telegraph and some other Departments there are no adequate facilities in the country, the answer to that is that Government should provide those facilities to the people of this country. But the virtual monopoly of these Departments is so jealously guarded that where competitive examinations for entrance into them exist, those examinations have been surrounded with stringent restrictions such as are unknown in the case of the great Civil Service. Thus, while an Indian, by passing the Indian Civil Service Examination, might one day be the Head of a District or of a Division as some Indians actually are at present, no Indian is allowed to compete for entrance into the Police Department at the competitive examination that is held in London, because, if he passed, he might one day be the head of the Police in a district. Again, only two years ago the rules for admission into the Engineering and Telegraph Departments from Cooper's Hill were altered with the express purpose of preventing more than two Indians in any particular year from entering those services. This alteration of the rules was a grievous wrong done to the people of India, and it has produced a feeling of bitter resentment throughout the country. In the Educational and Public Works Departments, our numbers are slightly more satisfactory than in the other departments, but even here the constitution of a Provincial Service, with a lower status and a lower scale of pay, has caused much dissatisfaction and discontent. My Lord, if all posts were equally open to Indians and Europeans, something may be said in favour of paying the Indian a smaller salary, if Government in the interests of economic administration, preferred the Indian to the Englishman, when both were equally eligible; but to restrict the employment of Indians and at the same time to pay such of them as are employed a lower salary is to inflict upon them a double disadvantage, the reason for which it is not easy to understand. My Lord, the Universities turn out every year a large number of young men who have received a fairly high education. It is a natural aspiration on the part of many of them to seek responsible employment in the service of their own country. If they find a bar in front of them, whichever way they turn, how can they be blamed, if they occasionally show signs of discontent? They belong to what may be called the articulate classes of this country, and what they say sinks slowly but steadily into the minds of the mass of the people. We have been promised equality of treatment, both in the Act of 1833 and the Proclamation of 1858. I for one am prepared to allow that such equality of treatment is under existing circumstances possible only within certain limitations; only I am anxious that there should be a constant movement in the right direction, and that, as year succeeds year, the sphere of employment should widen for my countrymen more and more. I ask this in the name of good

policy as well as of justice, and I earnestly trust that the spirit of my remarks will not be misconceived.

“ My Lord, I must apologize to the Council for having spoken at such unconscionable length and strayed over a somewhat wide variety of topics. But this is the only day in the year when the non-official Members of the Council find an opportunity to place before Government their views, such as they may be, in regard to the more important questions connected with the administration of India. No one denies that the difficulties of the position are great, and no one expects radical or far-reaching changes all in a day. What one regrets most, however, in the present system of administration is that it favours so largely a policy of mere drift. The actual work of administration is principally in the hands of members of the Civil Service, who, taken as a body, are able and conscientious men ; but none of them individually can command that prestige, which is so essential for inaugurating any large scheme of policy involving a departure from the established order of things. The administrators, on the other hand, who come out direct from England, command, no doubt, the necessary prestige, but their term of office being limited to five years, they have not the opportunity, even, if they had the will, to deal in an effective and thoroughgoing manner with the deeper problems of the administration. The result is that there is an inveterate tendency to keep things merely going, as though every one said to himself ‘ This will last *my* time.’ What the situation really demands is that a large and comprehensive scheme for the moral and material well-being of the people should be chalked out with patient care and foresight, and then it should be firmly and steadily adhered to and the progress made examined almost from year to year. My Lord, speaking the other day at the Imperial Assemblage at Delhi, Your Lordship was pleased to observe : ‘ If we turn our gaze for a moment to the future, a great development appears with little doubt to lie before this country. There is no Indian problem, be it of population or education or labour or subsistence, which it is not in the power of statesmanship to solve. The solution of many is even now proceeding before our eyes. . .

. . The India of the future will, under Providence, not be an India of diminishing plenty, of empty prospect, or of justifiable discontent ; but one of expanding industry, of awakened faculties, of increasing prosperity, and of more widely distributed comfort and wealth. I have faith in the conscience and purpose of my own country, and I believe in the almost illimitable capacities of this. But under no other conditions can this future be realized than the unchallenged supremacy of the Paramount Power, and under no other controlling authority is this capable of being maintained, than that of the British Crown.’ My Lord,

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the people of India have all along accepted with willing allegiance the condition so justly insisted upon by Your Lordship, namely, the unchallenged supremacy of the Paramount Power, and the faith expressed in the purpose and conscience of England is our main ground of hope for the future. Both sides stand to lose a great deal if their harmonious co-operation is ever disturbed, and working in a spirit of mutual understanding and appreciation they may realize for this country an honoured position among the nations of the earth and for England the glory of having helped India to such a position."

The Hon'ble SIR DENZIL IBBETSON said:—"My Lord, when I addressed the Council in the Budget discussion of last year, I ventured to speak to them rather as the late head of a Province than as a Member of the Government which I had so recently joined, to describe the financial starvation from which so many of the Indian Administrations had been suffering during a series of distressful years, and to insist upon the absolute propriety of devoting a large proportion of the available surplus to in some measure regaining the headway that had thus been lost, and to providing for expenditure, urgently needed, which the pressure of circumstances had unavoidably postponed.

"In the present Budget, while devoting somewhat more than two crores to the reduction of taxation in a form which public opinion, as expressed in the comments of the Press and in the speeches which we have listened to this morning, has emphatically endorsed as the best possible, we have not neglected to provide still further for that deferred expenditure of which I have just spoken. The 40 lakhs of special provision for increased expenditure upon education has been repeated this year, as was indeed inevitable, since most of the objects to which it was devoted involved a recurring charge. Similarly, of the grant of 18 lakhs which was to be applied mainly to improvement in the pay of district establishments, 15 lakhs are again repeated in the present Budget; while, in addition to these renewals, a special grant of 40 lakhs has been made for non-recurring expenditure.

"It may interest Hon'ble Members to know how the grant for the improvement of establishments has been distributed. Details are not yet complete, and the proposals have not yet in all cases received final sanction. But, roughly speaking, the grant has been allotted as follows. Two lakhs have been devoted to the Provincial Service. Two and a half lakhs have been allotted to the Subordinate Judicial Agency which disposes of so large a portion of our judicial work, three and a quarter lakhs to the Tahsildars and Naib Tahsildars who form the backbone of our revenue administration, and three lakhs to the Land

Record staff which assists them. No less than three and a half lakhs have been devoted, most wisely and properly, to improving the pay of the clerical establishment in district offices, both revenue and judicial, than whom I venture to say no men in India work harder, or for more moderate remuneration. The menial establishment, who, with their small salaries, have been severely affected by the rise in the cost of living, have also shared in the improvement to the amount of three-quarters of a lakh; while a similar sum has been spent in improving the prospects of the Subordinate Medical Service.

“When addressing the Council last year, I alluded to the appointment of an Irrigation Commission under a distinguished president, which was then visiting the several provinces of India. The Commission has now completed its inquiries, and we hope that its report will reach us before the end of next month, and that it will enable the Government to lay down a well-matured and comprehensive policy for the future development of irrigation in India. Meanwhile, the enhanced grant of one crore for major works has been continued, and the provision for protective works has been increased by 11 lakhs. Nor have minor works been neglected. The special grant of 25 lakhs which was made last year has been repeated, and an additional provision has been made of nearly 10 lakhs, so that while the expenditure upon minor works during the first three years of the lustrum stood constant at about 106 lakhs, it rose to 128 lakhs in 1902-03, and the present Budget provides for 147 lakhs under this head. Nothing was impressed upon me more forcibly, when serving upon the Irrigation Commission, than the large scope which exists for the immediately profitable expenditure of capital upon minor irrigation works, to the advantage both of Government and of the people. But it would have been unwise to embark upon any extensive policy while the experts who have been appointed to advise us are still examining the matter; and I think that the figures given above represent as rapid an advance as would be advisable until the subject has been carefully considered as a whole. It is satisfactory to note that a provision of 17 lakhs was made last year, and is now repeated, for extending to the dry zone of Upper Burma, which is one of the most precarious tracts in the Empire, that canal irrigation which has proved of such infinite service in North-Western India.

“At the Budget Debate last year, the Hon’ble Member who officially represented the United Provinces reproached us—very gently, I admit—with not having included irrecoverable takavi in the famine arrears which we were remitting. In reply, while explaining why it would not have been possible to do so, I freely admitted that a certain portion of the advances made during

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the famine would be found to be irrecoverable, and should properly be regarded as an integral portion of the cost of relief. But I pointed out that 22 lakhs of such advances had already been written off, and that the Budget for 1902-03 contained a further provision of 20 lakhs. Hon'ble Members will see that in the Revised Estimate these 20 have grown into 31 lakhs, while the present Budget provides for a further remission of 10 lakhs under the same head.

"With reference to the remarks which the Hon'ble Mr. Bose has made upon land-revenue collections in Chhattisgarh, he will be glad to learn that the Chief Commissioner has suspended or remitted no less than three and three-quarter lakhs of the current demand in the two districts of Raipur and Bilaspur. The fact will shew that the Local Government is prepared to deal leniently with people who have undoubtedly suffered greatly. At the same time, it must be remembered that the assessment in Chhattisgarh is one of extraordinary lightness. And, even before I left the province, there were distinct indications (and not only in Chhattisgarh) of the necessity for that 'firm hand' to which the Hon'ble Member alludes. Firmness, however, is not incompatible with a well-considered leniency. As regards the development of the mineral resources of the Province, my Hon'ble friend may rest assured that no effort on the part of Government will be spared to assist and encourage it, and already there is good reason to believe that active steps will presently be taken to start that industry of which he has spoken.

"The figures which the Hon'ble Mr. Rampini quotes as showing the 'nett profit' upon the administration of justice are for my Hon'ble Financial Colleague to deal with rather than for me. But I think the Hon'ble Member will himself admit that the mere subtraction of current income from current expenditure, as shown under the heading 'Courts of Law' in the annual accounts, affords no safe basis for such an estimate. And I note that no longer ago than last March, the Hon'ble Mr. Pugh, when addressing the Council upon the same subject, admitted that, taking India as a whole, the surplus was not more than sufficient to afford a necessary and reasonable margin of safety. On that occasion I protested strongly against the idea which was then put forward, and which seems also to underlie the Hon'ble Mr. Rampini's remarks, that in considering this matter the several provinces of India can be treated as so many watertight compartments; and to that position I still adhere.

"As regards the two specific suggestions which my Hon'ble friend puts forward, namely, the strengthening of the Judicial staff in Bengal, and the improvement of the prospects of the Judicial Branch of the Service, I would remind

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him that there are constitutional authorities who are charged with the care of these matters, and whose representations always meet with the fullest consideration from the Government of India. Moreover, the mere existence of arrears does not of itself prove the insufficiency of the staff. It may result from slack and dilatory procedure, the remedy for which is to be found in closer and more effective supervision; or, as pointed out by the Hon'ble Mr. Whitworth, it may result from the fact that the existing staff is not utilized to the best advantage. Both these are matters which can be satisfactorily dealt with by the local authorities alone. I may add that we have at this moment proposals before us for strengthening the Subordinate Judicial Service in Bengal at a cost of over a lakh of rupees.

"On one point I am in entire sympathy with him, and that is the necessity for taking all possible precautions to ensure that men who are called upon to perform judicial duties of importance have received the necessary training. It is a necessity which is greater now than it ever was before, or than I hope it ever will be again, because the under-recruitment for the Civil Service which prevailed not many years ago, has resulted in the unprecedentedly rapid promotion of its junior members. Curiously enough, only a few days ago—but I may add, before I had received the advance copy of his speech which the Hon'ble Member has been good enough to send me—the very point to which he calls attention came under my notice. I had observed that the rules for Departmental Examinations in India had not been modified since the regulations at Home were changed; and I had already directed a draft to be prepared, asking Local Governments to consider the best method of securing a reasonable acquaintance with at least the text of the Civil law of India on the part of our Junior Civilians.

"As regards the reporting cases in the Courts which was a part of the Home training when my Hon'ble friend and I entered the service, my own experience leads me to regard it as of the greatest value, and to regret its omission from the present course. But its retention or omission depends upon the larger question of the period for which it is advisable to retain selected candidates under training in England; and that again forms part of the still larger question of the age at which they shall be permitted to compete.

"The Hon'ble Mr. Whitworth admits that the arrears of judicial work to which he refers can be avoided by improved administrative arrangements, and that is essentially a matter to be dealt with by the Local Government and the High Court. So, too, is the reorganization of the execution department which he recommends. We have lately received a representation from the Bombay

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Government regarding the constitution of the Sadr Court in Sindh, which I hope to deal with very shortly. Any proposal for improving the position of the Subordinate Judges in that Province which the Bombay Government may think fit to put forward, will receive the most careful consideration. But, in so far as it may rest upon the regular use of lamps because the hours of daylight are not long enough, I could, on the same ground, put forward a very strong claim in behalf of many officials in the Punjab—and also, may I add, of at least one Member of Council.

“More than one Hon’ble Member has alluded to the legislation which results in the virtual exclusion of Indians from South Africa and Australia. It will be sufficient for me to say that the Secretary of State is already in possession of our views on the subject; and that, in our recent negotiations with the Delegates from Natal, we have not failed to bear in mind the strong feeling which exists in India.

“When I addressed the Council last year, I said that, now that an Inspector General of Agriculture had been appointed, I hoped that substantial progress would soon be made in the development of that agricultural inquiry and experiment which is one of the crying needs of the country. In such matters it is well to make sure of your ground before you take important steps, and the Inspector General has rightly devoted his first year to making himself acquainted with what is being done in the various Provinces. Meanwhile we have been collecting a small staff of experts. Besides an Agricultural Chemist, we already have a Cryptogamic Botanist whose business it is to investigate the diseases which attack our agricultural staples, while an Entomologist who will study the insect pests from which they suffer is just about to land in India. The services of an Economic Chemist are also at the disposal of the Agricultural Department, to which an Economic Botanist has just been transferred by the Madras Government. We are indenting or have indented upon the Secretary of State for two more trained experts and another Agricultural Chemist to be attached to the Provincial Establishments, and, when they arrive in India, there will be one only of the larger Provinces which will be without the benefit of highly-trained scientific advice in matters agricultural.

“In order to assist the Government in controlling and co-ordinating the various branches of scientific enquiry which are concerned with the economic development of the country, we have constituted a Board of Scientific Advice. At the same time, the Royal Society at Home has consented to appoint from among its members a Committee which will examine the proceedings

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of the Board and of the various Departments with which it deals, and will advise us in all matters connected with economic science, and from which we hope to receive the same invaluable assistance which we already receive from the Royal Society's Observatories Committee in all that concerns pure physical science in India.

“ Meanwhile, during the past month or two a scheme has been elaborated which will, if sanctioned, be the first important outcome of the new departure, and will, I hope, prove the cornerstone of agricultural progress in India. The scheme has not yet been submitted to the Secretary of State ; but something of the sort must come sooner or later, and I will briefly outline its main features. Hon'ble Members will remember that His Excellency the Viceroy has decided to devote the greater portion of Mr. Phipps' munificent benefaction of $4\frac{1}{2}$ lakhs to an Agricultural Research Laboratory. It was at first proposed to place it at Dehra Dun, where some kindred institutions are already located, and which would thus become the head-quarters of economic science in Northern India. But the scheme has grown since then, with the cordial sympathy and approval of my Hon'ble Colleague in charge of the Finance Department ; and it is now proposed to combine a large Experimental Farm and an Agricultural College with the institution for Research, so as to form an Imperial Institution in which the field, the classroom and the laboratory may mutually assist one another under the direction of one common head. For such an institution Dehra would be unsuitable, and it is proposed to utilize the fine Government estate at Pusa, which is preëminently well suited for the purpose. The staff which I have already enumerated will have its head-quarters there, and will be materially strengthened ; and the Hon'ble Mr. Ananda Charlu will be glad to learn that we shall teach the elements of mechanics as applied to agriculture. It will be our aim to provide for education in the science and art of agriculture up to a point which may correspond with the M. A. degree in letters, and so to combine practical training with theoretical instruction, that those of our pupils whose natural bent inclines towards scholarship, and who will find employment as teachers and professors, shall have a practical acquaintance with the subject which they teach, while those of a practical turn, who will find more active service in executive appointments, will have a sound foundation of theory upon which their practical knowledge will be securely built. The most encouraging feature of the situation lies, to my mind, in the awakening of native public opinion to the importance of agricultural education and enquiry which has taken place during the last few years. The volume of this opinion has grown steadily, so far as one can judge from the columns of the native papers,

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and its existence has a very important practical bearing upon the success of our institution. It is no use building a College if we fail to attract pupils; and pupils will not come unless they see a prospect of profitable employment before them. In providing such employment, Government will do its best. There will be a certain demand for educational service—a demand which will expand as the supply of teachers at the top enables us gradually to extend instruction downwards until we reach the village-school. A certain number will be employed by the Courts of Wards in the various Provinces. More will, I hope, be needed for those demonstration farms alluded to by the Hon'ble Mr. Bose, as to the value of which I agree with him entirely, but which we are not yet in a position to start, simply for want of men qualified to take charge of them. And qualifications in agriculture will be given due weight in selection for the revenue side of Government service. But what Government can do will be a mere fleabite compared with what the great landowners of India can do; and with what the great landowners *will* do, if the demand for men with agricultural training which is so constantly put forward in the native papers is the expression of a genuine opinion. I realize that much will depend upon the class of men that we turn out. They must be, not mere theorists with heads crammed full of book knowledge, but thoroughly practical men, accustomed to apply in the field what they have learned in the laboratory. I believe that we shall turn out such men; and if only the great landowners will appreciate their value and give them employment, they will be doing more than could be done in any other way to promote the agricultural development of their country.

“The Púsa institution will also include a cattle-farm for the improvement of the local breed of cattle. And this leads me to a subject which is of vital importance to the agriculture of the country, and which has been too much neglected in the past. Hitherto the Civil Veterinary Department has been, in many parts of India at least, so fully occupied with the care of horse-breeding in order to supply remounts for the Army, that it has had but scanty leisure to devote to its more proper duty of improving the local breeds of cattle, and of combating the infectious diseases which annually impose such a heavy tax upon the cultivator. Much has been done within the past two years to elaborate a method of inoculation against rinderpest, and to induce the people to avail themselves of it; and already there are the most encouraging signs that the idea has taken root and is spreading steadily. But no great progress could be expected so long as our superior Veterinary establishment were not free to devote themselves to this and kindred subjects. The care

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of horse-breeding, at any rate in those parts of India in which it forms the heaviest charge upon the attention of our staff, is now about to be transferred to the Military Department; and I hope that before long the good effects of the change will become apparent, and that we shall be able to show substantial progress in dealing with the question of agricultural cattle in India.

“The Hon’ble Sir Edward Law remarked last Wednesday that the alleged deterioration in the quality of fibre of the jute grown in Bengal appeared to him to be a matter which required the close attention and advice of agricultural experts, assisted by agricultural chemists, and that he hoped that it would be taken up. The subject was brought to the notice of Government in August 1900, and inquiries were immediately set on foot. The first step was to ascertain the local facts precisely—always a work of difficulty where a staple is cultivated over a large tract of country. The next was to conduct a carefully arranged series of experiments in the cultivation of different varieties under varied conditions. Now, unfortunately, a plant will not allow itself to be hustled; it insists upon taking its own time to grow, and will ripen only once a year. Consequently, such experiments take time. We may be fortunate enough to hit upon the cause of the deterioration and its remedy almost at once, or it may take us some years of careful experiment. But I think I can promise that the inquiry will be practical and thorough.

“The Hon’ble Mr. Cruickshank has alluded to the important measures that are in hand for the rehabilitation of Bundelkhand. The measures are, in the main, the proposals of the Local Government; but they have had throughout the hearty approval and support of the Government of India. The Hon’ble Rai Sri Ram Bahadur reminds us that we shall have to put our hands into our pockets if our plans are to succeed; and he refers us to an expression of his opinion, in another place, upon the intrinsic merits of our measures. I gather that he and those who think with him approve of the extension of the Encumbered Estates Act. But they consider that the proposals for restricting the alienation of land are unjustifiable and unsound, and that they should at least be postponed until experience has shown how a similar measure works in the Punjab. Now it cannot be too clearly understood that in this matter the whole scheme stands or falls together, and that it is not open to choose one portion of it and reject another. We fully recognize that the depressed condition of the Bundelkhand landholders, though due in the main to causes for which the Government is in no way responsible, such as the character of the soil and a long series of

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unfavourable seasons, is also in some degree the result of a revenue system which was unsuited to the tract. We have accordingly changed the basis of assessment, and in future the demand will be periodically adjusted upon a fluctuating system, under which the burden will vary with the means of bearing it. We are granting an immediate reduction of some five lakhs in the annual assessment, which will reduce it to a very moderate proportion of the assets as they now stand; and we are also granting a further special reduction of some $2\frac{1}{2}$ lakhs upon the already reduced demand, in the hope of giving the old landowners a fair start under the new system. Finally, we have sanctioned rules under which remissions will follow upon failure of crops upon a scale of unprecedented liberality. So far as the Revenue-administration is concerned, I am sure that my Hon'ble friend will admit that the matter has been dealt with in a large and generous spirit.

“ But there remains a cause of indebtedness with which it is far more difficult to deal; and that is, the character and habits of the people. Just twenty years ago the same indebtedness for which we are now endeavouring to find a remedy prevailed in Jhansi, one of the Bundelkhand districts. The Government then passed the Jhansi Encumbered Estates Act, constituted a special Court with equitable jurisdiction, at a cost of a lakh of rupees, to enquire into and adjust the debts of the landowners, and advanced a further sum of 5 lakhs for their liquidation, with the result that the greater number were restored to solvency. But no sooner had this been done than the old process began again, and at the present moment indebtedness in Jhansi is as great as ever. It is agreed by all who know them best, that this result is largely due to the thriftless character of the people, who are unable to resist the temptations that spring from the gift of a proprietary right which will fetch money in the market; and that so long as they are left with an unrestricted power of alienation, so long must any amelioration that may result from proceedings such as I have described be of a purely temporary character.

“ We are now proposing to repeat the experiment of 1882 upon a greatly extended scale, to apply the Jhansi Act to the whole of Bundelkhand, to create special Courts in five and a half districts instead of one at a cost which will presumably exceed 5 lakhs, to advance 25 lakhs for the liquidation of debt, and to spend one lakh on the purchase of estates in special cases in order to retain their old proprietors upon the land. But we are not prepared to take these measures unless we have some assurance that the benefits which result will be more lasting than before. We have not the slightest intention of spending 6 and lending 25 lakhs of rupees, if the process is to be repeated

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for the third time twenty years hence. We are therefore proposing legislation to restrict the power of alienation of land by the agricultural classes of Bundelkhand, on similar lines, though somewhat less stringent, to those followed in the Punjab ; and it must be distinctly understood that this legislation is an integral portion of the scheme. If that is to be postponed, then the whole scheme for the redemption of debt must be postponed also ; and the Hon'ble Rai Bahadur knows what that will mean for the people."

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES said :—" My Hon'ble Colleagues Rai Sri Ram Bahadur, Mr. Gokhale, His Highness the Agha Khan and Mr. Ananda Charlu have all reiterated, with their usual eloquence, the demand, with which we are all familiar, for the reduction of Army expenditure.

" His Highness the Agha Khan does not advocate a reduction of the British force, a sentiment on which I congratulate him, but suggests short service for the Native Army as a means of decreasing the burden. In this he is strongly supported by Mr. Gokhale. In reply I would say that I cannot think that this system on European lines is applicable to India.

" My Hon'ble Colleague Mr. Ananda Charlu says that, notwithstanding the manner in which his previous representations have been met, he remains 'incurable.' I am afraid I must plead to being equally incurable on the other side and must give very much the same answer as last year, that I see no probability of any decrease in Military expenditure, but rather the other way. Our critics both here and in the Press are apt, I think, to attribute this steady increase to the innate viciousness of the soldier rather than to natural causes. The increases are, I believe, due to four main causes :—

first, the addition to the army in 1885 ;

second, the increase of pay which was a few years ago given to the Native Army, and this year to the British ;

third, the loss by exchange, as the British soldier is a large gainer by a low exchange ;

fourth, the enormously enhanced cost of war material, whether guns, rifles, ammunition, etc.

" As to the first item, I fear the Government of India will remain at variance with its critics. The addition to the army was considered necessary in 1885

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by the then Government, and the maintenance of the addition is considered necessary by the present Government. It is justified by the addition of the Provinces of Burma and Baluchistan to the Empire. It is argued that because we spared 10,000 men for South Africa we can spare them altogether. In every concern I know of, whether business or engineering, there is a factor of safety. A mill or factory may work extra time under pressure, or underhanded owing to sickness, but no sane manager would therefore advocate a reduction of establishment. No engineer would build a railway bridge to carry the exact load it may be called on to bear. Similarly, because we spared 10,000 men and many officers in 1900 to 1902, it does not follow we were not pushed ourselves. In fact we were, as regards officers especially, and every Lieutenant-General considered that efficiency was suffering owing to the efforts we made to help the empire. The wonder of Foreign Powers is not the enormous army we keep up, but the fact that we have such a small army to hold the enormous tract called India. We cannot admit, as stated by the Hon'ble Rai Bahadur Sri Ram and Mr. Gokhale, that the army is too great for local purposes or defence. I may venture to suggest that perhaps the Government of India, backed by the Home Government, are the best judges. Any one who said five years ago that we should place over 200,000 men in South Africa during 1899 to 1901 would have been scoffed at. When can we say when our necessity may arise?

"In regard to the second item I would remark that the amount spent in increasing the pay of the Native soldiers and in fact their whole pay, some crores, goes back to the country and benefits the people. The extra pay of the British soldiers of 2*d.* a day was accepted by us as being a necessity on recruiting grounds; it amounts to a little over 30 lakhs. The further increase of 6*d.* a day which will be a heavy addition to the Indian Estimates is under arbitration by Lord Alverstone. It will not become due until 1st April, 1904.

"In regard to the third item, exchange is now stable and we need not anticipate any further increase due to a lower exchange.

"In regard to the fourth item I need only mention that the re-armament of our Native Army, Volunteers and Imperial Service Troops will cost 2½ crores, and in the last three years we have spent 65½, 59½ and 49 lakhs for the purpose. A single gun for our coast defences may now cost £10,000. We are powerless to resist the advance of science in these matters and the necessity for keeping pace with our neighbours. No one could seriously contemplate re-arming our Native army with an obsolete weapon, or mounting a smooth-bore gun at the cost of a few pounds in the Bombay defences.

[Major-General Sir Edmond Elles; the Lieutenant- Governor.] [25TH MARCH, 1903.]

"I have here a statement * showing for a period of twenty years the total revenue and the Military and Marine expenditure under the following heads :— India Military, Home Military, Military Works, India Marine, Home Marine, and Special Defences (Home and India). I shall have much pleasure in supplying any Hon'ble Member of the Council with a copy.

"A study of this is instructive and I think entirely refutes the views of our critics who assert that increased revenue is swallowed up by the rapacity of the military cormorant. With reference to the Hon'ble Mr. Gokhale's remarks, in the last 11 years the Revenue of India has increased by nearly 17 millions sterling, no doubt a paltry increase due to the machinations of a wasteful and wicked Government, whereas the net Military expenditure has risen from £16,170,000 to £17,608,000, or barely 1½ millions. It would therefore appear that owing to wise statesmanship which, whilst fully alive to the requirements of the Army as a means of ensuring peace, has been equally alive to developing the material prosperity of the country, a trifle of 14 to 15 millions of revenue in this financial year has been made available for spending on the people of India and its further development. The percentage of net military expenditure has fallen from 26 per cent. for the 9 years before 1892-93 to 24 per cent. for the last 11 years.

"People are apt to forget that if you wish for peace you must be ready for war. It will, I firmly believe, be the first sign of the decadence of our power in India if the counsel of neglecting military requirements is ever listened to. It is the fact of our being strong that permits of the great development we are witness to and the increased prosperity of our finances. Rather than find fault with Army expenditure, I would urge our critics to be thankful that we have a broad-minded statesman at our head to whom the Army owes much and who has not shrunk from the necessary expenditure for its improvement; and I would ask them to be further grateful that we have the leading soldier of the day at the head of that Army, under whose auspices it will, we feel assured, become stronger and better fitted to guard the interests of this vast Empire and thus maintain that peace from which cometh prosperity."

His Honour THE LIEUTENANT-GOVERNOR said:—"My Lord, at this late stage of the debate, I do not intend to detain this Council long, or to make large demands upon their patience, but I desire to take this opportunity,

* Vide Appendix C.

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as other speakers have done, first to congratulate the Government of India and still more the people of India upon the prosperity budget which has been laid before us, and secondly to draw attention to a few matters with which the Province of Bengal is chiefly concerned.

“My Lord, a surplus of $2\frac{3}{4}$ millions sterling, which is better by 2 millions than the estimate framed at the beginning of the year, is a matter for sincere congratulation, even though it be swelled by an incident for which no provision was made, for it connotes a period of favourable seasons and good harvests—a year of peace and prosperity. That the Government of India should have decided to spend part of this surplus in remitting taxation is also a matter for universal satisfaction, and I think that the methods by which that remission will be effected will, on the whole, be generally applauded. Whether the price of salt to the petty consumer will immediately be lowered by a reduction of 20 per cent. of the duty may admit of some doubt, but the conception is a noble one which will be readily understood by the people, and if the benefits of the reduction do not at once penetrate to the lowliest consumers, they will at any rate reach the petty trader and shop-keeper and will increase the profits of a poor but indispensable class of the community. The raising of the minimum taxable for income-tax will also be received with thankfulness by a large body of struggling bread-winners to whom the payment of the tax is no small matter. The amount foregone is actually small, but the gratification and relief it will afford will be relatively large and out of all proportion to the actual amount surrendered. Lastly, my Lord, may I be permitted to say that to be able to announce a surplus and to remit taxation in a year which has been signalised by the great Coronation Durbar at Delhi is an achievement which will make memorable for all time the fifth year of Your Excellency's Viceroyalty.

“So far as Bengal is concerned, the announcement to which the Province has looked forward with the greatest interest is that which regards the Provincial Contract. On this subject the late Lieutenant-Governor made an earnest appeal to the Government of India last year, and urged that the assignment of revenue to Local Governments should be so arranged as to include a fair proportion of growing revenue, while in another place he pleaded that the contract should be permanent or at any rate for a longer period than five years. Therefore, it was with some disappointment that we have learned that no definite statement can yet be made. I trust, however, that the announcement of the final decision will not long be delayed, and that when it is made it will be found that Bengal has obtained a larger share of the revenue under the divided heads, and above all things a greater permanency of allotment. We acknowledge with gratitude the

liberal assistance which has been given us from time to time by grants from Imperial funds, but, acceptable though those have always been, they are for obvious reasons less capable of useful application than even smaller sums would be if their continuance were assured, or if the grants themselves could be longer foreseen.

“ Though Bengal is an ancient Province with a teeming population, a fruitful soil, valuable products, and for the most part practical immunity from famine, yet in some material respects it lags behind other Provinces of the Empire and lacks many of the advantages and developments which it would seem to be entitled to enjoy from its wealth, size and importance.

“ The department in which the most crying need for reform still exists is the Police, and the appointment by Your Excellency's Government of a Police Commission was hailed with satisfaction by rulers and ruled alike: to carry out the reforms which that Commission will recommend, and others which may be found necessary by the local circumstances of this Province, will require large expenditure, which will, however, be ungrudgingly incurred to the utmost extent of our resources.

“ Under the great head of Public Works also much remains to be done. The offices of Government all over this Province are in constant need of improvement. Many of them are dark, overcrowded, ill-ventilated and unhealthy and are quite unfit for the uses to which they are put: specially is this the case with the Courts of Civil Justice. Again, the question of residences for officials is one which becomes more acute year by year: not only is the accommodation for Munsifs in many outlying stations squalid beyond belief; but even in the large stations (if the houses which they inhabit are not the property of Government) the difficulty of accommodating officials presses more and more. Indian gentlemen are realizing gradually the advantages of good houses in good situations, and there is a tendency for houses in which the officials of the district have lived for years to pass out of their occupation. Once more the development of railways all over the Province necessitates the construction of feeder roads as a complement to the railway system: the construction of roads in sufficient number and within a reasonable time is often beyond the resources of District Boards, and the aid of the Local Government is necessarily invoked. Similarly, much remains to be done in opening out and improving the great water highways of the province: several projects of undoubted benefit and importance are under consideration, foremost among which are the development of the Bhil route in the Faridpur District, and the dredging and clearance of the Bhagirathi. It is such projects as these which

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could be carried through with confidence and energy to the immense advantage of the people of Bengal if the Government were assured of the long continuance of a liberal Provincial contract, but which are now undertaken with hesitation and conducted with anxiety.

“ In other Departments of the administration also the demand for funds and for prolonged and well-sustained development is equally imperious. The needs of Bengal in the direction of primary education are very great. Something has already been done for the Provincial Executive Service, and it is hoped that before long an improvement may be announced in the prospects of the Subordinate Executive Service; but the prospects of the Subordinate Judicial Service and of the Educational Service in Bengal, both Provincial and Subordinate, are far from good, and it is admitted that both require reforms which only await the allotment of funds.

“ Lastly, ere my list grows too large, I would mention the needs of agricultural development and improvement. Bengal is before all things an agricultural province, and any measures which would result at reasonable cost in increasing the productiveness of the soil, in reducing the expenses of cultivation and in giving the agriculturist a larger return for his toil would have far-reaching and widely beneficent results. There was a time when, in this Province as in others, it was generally believed that the Indian peasant had nothing to learn in respect of husbandry, and that his apparently crude methods, the heritage of a hoary past, were those which were best suited to the conditions of the climate and the soil. But those days are past; it is recognized now both by Europeans and Indians that much can be done for Indian agriculture in many ways, and Bengal is ready to share fully and eagerly in that advance in the theory and practice of agriculture which has been so marked a feature of Your Excellency's administration. Moreover, while it is true that scientific research and improved methods are likely to do much for the general agriculture of the country, still more is the remark true of the large industries which have led to the investment of great sums, the introduction of European capital and the employment of an army of labourers of every degree. Most of these, alas, are now in a decadent condition; indigo is, I fear, almost doomed, tea has seen its best days, and jute we are told is deteriorating. On the other hand, there are indications that sugar may be destined to save the situation in Behar and, that, while preventing the total loss of the capital sunk in indigo, it may give employment to thousands of labourers, both agriculturists and artisans, who would otherwise have been thrown back into the mass of humanity which presses upon the soil of that densely populated Province. The commercial company which commenced its operations in 1800 has already expended £250,000 in the country and claims to have demonstrated that they may expect to get a sufficient return in sugar

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from an improved variety of cane to give the planter who grows the cane an adequate agricultural profit, and to the cultivator a large increase of employment at a season of the year when such increase is most welcome.

“ My Lord, in concluding his observations a year ago, the late Sir John Woodburn emphatically avowed the loyalty of the Bengal Government to the Government of India in matters of finance as in others, and he assured Your Excellency that while he desired to have a share in the growing prosperity of the Government of India he was equally ready to accept without demur their decisions on financial questions, and to yield to their requests for assistance when this assistance is required. With this declaration of loyalty I desire heartily to associate myself, and I will ask you to believe that the foregoing remarks are not the complaints of a suppliant begging for further favours, but that they represent the aspirations of a Government which looks out with wistful eyes upon a great field for development and enterprise, which is eager to devote all its energies to that task, and which desires nothing more earnestly than larger funds and greater capacity in order to utilize to the full for the good of its people the immense opportunities which lie before it.”

The Hon'ble SIR EDWARD LAW said :—“ Your Excellency, I will endeavour to reply to the observations and criticisms of the Hon'ble Members who have spoken.

“ His Highness the Agha Khan has, in addition to his kindly congratulatory remarks, dealt chiefly with military subjects on which it is not within my province to offer any reply.

“ I can only express to His Highness the Raja of Sirmur my gratification at the cordial terms of his acknowledgments of the efforts of Government for the benefit of the people.

“ With reference to the Hon'ble Mr. Cruickshank's remarks concerning the alleged inadequacy of the sum allotted under the existing Provincial Settlement for the Government of the United Provinces, I need only say that in our next settlement every possible effort will be made to treat the various Provinces in a thoroughly equitable manner. My Hon'ble friend is as fully aware as I am of the very great difficulty of the question and of the utter impossibility of satisfying everybody.

“ My Hon'ble friend Mr. Sri Ram seems to be under a strange misapprehension when he says that the surplus of 1901-1902 was not used for any of the purposes which he enumerates, namely, remission of taxation, reduction of the National Debt, or construction of works of public utility. Human memories are, alas, short-lived, but I must admit that it is to me most astonishing to find that the Hon'ble Member has already forgotten that the surpluses of the last

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	Rs.
1897-98	11,38,950
1898-99	13,53,128
1899-1900	13,09,514
1900-01	11,62,947
1901-02	17,16,836
1902-03	17,76,450

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"I fully sympathise with the Hon'ble Member in his desire to see the development of a system of scientific and technical education. It is manifest that the Finance Department must be keenly interested in progress in a direction which must increase the earning power of the people.

"I must admit to being startled at the remark that the local production of kerosine oil has decreased, when the very contrary is the case, and, as I noted in my Financial Statement, the imports of Burmese oil had increased to the port of Calcutta, alone, by some 25 per cent. in the last eleven months.

"As regards the local production of sugar, I am not aware of any falling off, whilst a new sugar industry on scientific principles has been started in Behar. I have little doubt that in course of time the crude and unsatisfactory methods of sugar-making now almost universal throughout the country will have to give way to something superior, and, if the natives of India do not advance with the times, they will, I fear, find their industry succumbing before the competition of improved methods of production. We can only hope that a spirit of enterprise will be developed among the native community, inducing them to invest capital in working up the raw products of the country.

"The Provincial Settlements have, as I explained last year, been delayed out of regard for the interests of the Provinces concerned. I hope, however, that the majority will be fixed during the coming year. I must state that, as regards the United Provinces, I cannot account for the statement that these Provinces are living on the reduction of former surpluses. According to the figures which the Hon'ble Mr. Sri Ram has himself tabulated, the revenue during the period he refers to has exceeded the expenditure by over 26 lakhs, and it would appear that the Provincial balances should have increased by a similar amount.

"It has been observed that the figures given by the Finance Secretary, the Hon'ble Military Member and myself in connection with Army expenditure do not correspond. The Finance Secretary showed that, excluding the cost of the Hyderabad Contingent, the *gross* expenditure in 1903-04 is estimated at £210,400 less than the *Budget* of 1902-03. The Hon'ble Sir Edmond Elles says that the *net* expenditure of the coming year will be Rs. 1,23,200 less than the *Budget* of 1902-03, whilst I have shown that the *Budget Estimate* for 1903-04 exceeds the *Revised Estimate* for 1902-03 by £417,400. The apparent discrepancies are accounted for by the fact that the comparisons in each case are of different kinds and on a different basis. The table given in my Statement shows only *net* figures for the comparative military expenditure in the respective years; I have given actual figures for the first three years tabulated, for the fourth year the Revised Estimate, and for the coming year the Budget figures which are alone available; and I am inclined to think that this is the

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clearest manner in which, without book-keeping complications, the situation can be exhibited to the public; but my results do not really differ from those shown either by the Hon'ble Military Member or by the Financial Secretary.

"I have had a statement compiled showing the percentage of net ordinary military expenditure to general revenue during the last eight years. Beginning with the year 1895-96, the percentages are as follows:—

Comparison of net ordinary Military expenditure with Revenue.

YEAR.	Total Revenue excluding Army and Military Works receipts.	Net Army and Military Works expenditure, excluding warlike operations costing over 50 lakhs each, and Special Defences.	Percentage of Military expenditure to Revenue.
	£	£	
1895-96	64,894,971	15,984,476	24·6
1896-97	62,076,762	16,256,298	26·2
1897-98	63,671,720	15,616,630	24·5
1898-99	66,965,278	15,489,986	23·1
TOTAL .	257,608,731	63,347,390	24·6
1899-1900	67,882,501	14,945,586	22·0
1900-01	74,419,262	15,009,519	20·2
1901-02	78,319,293	15,711,537	20·9
1902-03	75,932,600	17,279,400	22·8
TOTAL .	293,554,056	62,946,042	21·4

"These figures show that our military expenditure is not advancing in proportion to the growth of our resources.

"They do not include the cost of military expeditions individually exceeding half a crore. Over such expenditure we can exercise no control. And here I may once more call attention to the large sums included in

military expenditure in the last two or three years for the creation of ordnance establishments. Although we prefer to debit these sums to expenditure against Revenue, they are in reality Capital expenditure, which, I believe, will not only return good interest by resulting economy as regards future military requirements, but will, in ways I explained in the Budget Statement, prove of real value to the industrial community in India.

“ It may possibly be objected by some critics that our total military expenditure is in any case too large. I am happy to join issue at once and directly with such critics. They cannot, for want of information which cannot be made public, be in a position to pronounce an opinion on the necessity or otherwise of greater or smaller military preparation and consequent expenditure. The Government of India, acting on the fullest information and with the advice of the competent military authorities, consider that certain things are necessary to meet certain eventualities and it is their duty to take action and provide accordingly.

“ There is nothing more unbusinesslike than to delay purchases till market prices are high. If military preparations were delayed till the last moment, we should not only find the market against us for hurried purchases, but in our hurry we should be obliged to accept indifferent quality, even if the articles required were procurable in time to be of any use.

“ There was a school, and indeed a very important one, though now in my opinion happily moribund, if not dead, which recoiled with horror before the shibboleth ‘unproductive expenditure’ which they were pleased to fasten on all military expenditure. If consistent, men of this school could never have accepted the idea of insuring their lives till their state of health was such that the Insurance Companies either charged exorbitantly high premiums for their policies, or refused altogether to grant them.

“ This is a business question, and the very worst kind of finance is that which, for the convenience of the moment, wilfully shuts its eyes to possible eventualities and seeks to swell present surpluses at the cost of the future.

“ The Government of India has sufficiently shown its appreciation of the many needs for the adequate development of the natural resources of this great country. Every anna we spend on military preparations is so much deducted from our means of advancing that most desirable development; and we sanction military expenditure with real regret and solely because we know that it is necessary. Our only consolation lies in the fact that we have perfect confidence

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that our present military advisers have both the will and the competence to secure for us the fullest possible value for the money which they call upon us to expend.

“The Hon’ble Mr. Justice Rampini calls attention to various questions connected with the administration of justice, and to the profit which Government is supposed to make out of the excess of fees over the cost of the Courts, particularly in Bengal.

“I thought that I had sufficiently explained last year that the assumed profit is more imaginary than real, as in the accounts from which the figures indicating a profit are taken there is no allowance for pensions, buildings, stationery (legal gentlemen use a good deal of paper) and other items, not to speak of the cost of gaols and police which are necessary parts of the machinery of justice.

“It is not in my province to discuss the possibility of improvement in the organization or procedure of the Bench or Bar. My connection with these questions is confined to the scrutiny from a financial point of view of such proposals as may be made for increased expenditure. Such proposals have latterly been both numerous and heavy, particularly from the Calcutta High Court, as also from many Provincial Courts. The only part of the Finance Department in such matters is to sanction, without any possibility of the control which it is accustomed to exercise over expenditure in most other spending branches of the administration.

“The Hon’ble Mr. Whitworth has made remarks on judicial matters and on recruitment for the Volunteers, to which it does not fall within my province to reply.

“With reference to his complaint as to the condition of court-houses in the Bombay Presidency, I may point out that, as mentioned in my Budget Statement, we are making a special grant-in-aid of 40 lakhs to Provincial Administrations for Minor Public Works. The Bombay Government will receive its share of this grant, and a portion will doubtless be applied to meet the requirements indicated by the Hon’ble Member.

“The Hon’ble Sir Montagu Turner expresses his regret that we did not find it possible to raise the limit of exemption from income-tax to include incomes of Rs. 1,200 per annum. I think there is a good deal to be said in favour of the limit he desires, from the point of view especially of the result to a considerable class of clerks whose incomes just reach that figure; but we feel that

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we have been able to grant a considerable measure of relief, and we did not consider it prudent to go further for the moment.

“The Hon'ble Sir Montagu Turner, however, goes much further when he speaks of the income-tax as a tax which should not be regarded as a permanent source of revenue. Here I am entirely at issue with him. I look on the income-tax as an excellent source of revenue, and I believe that it is most desirable that it should be continued. As years roll by, the methods of assessment should steadily improve; and I trust that this tax will in course of time, perhaps with some modifications, enable us to obtain some reasonable share of contribution towards the expenses of Government, from an important class whom many think have hitherto escaped unduly lightly. At its present very light rate the tax is a mere nothing to many men of large incomes.

“With reference to his remarks about the very large recent importations of silver, I need hardly assure the Hon'ble Member that Government is fully alive to the danger of illicit coining, and that we shall continue to use every means in our power to check unlawful practices.

“As regards the continuance of countervailing duties on sugar after September 1st, I can only say that it seems too early to decide on the measures which may be necessary after that date. When the time comes, we shall do our best to frustrate all attempts to put us once more in the undesirable situation which the countervailing duties were introduced to obviate. I do not think that the question of the levy of the general import-duty of 5 per cent. on sugar will be found to be in any way connected with that of countervailing duties.

“On the question of a reduction of telegraph charges I observed last year that ‘I should be very glad if circumstances should hereafter permit us to reduce charges.’ Certainly, we should be very pleased to reduce present rates, if it were found possible to elaborate any scale of charges which would cheapen the use of the telegraph to the public who send telegrams, without causing such loss of revenue as would be fairly objected to by the great body of tax-payers who seldom or ever send a telegram. I do not say that some small loss may not properly be incurred, for although the direct advantage of cheapening telegraph rates would accrue chiefly to the mercantile community, yet everything tending to facilitate trade operations must, more or less, indirectly benefit the public at large.

“At present, according to the calculations of some experts, not only does Government incur loss on the transmission of private telegrams, a loss amounting to £10,51,500 in 1901-1902, but, unfortunately, under the present system of rates, it would seem possible that the more private telegrams are sent the greater the loss. The average loss on each private telegram is according to

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some calculations about $3\frac{1}{2}$ annas; but I should observe that our authorities are not at all in accord as regards the basis on which the calculation should be made, and I must admit that, having given my best personal attention to the question, I find it so full of complications that I should not like to be held responsible for the exact figure of loss.

“I may mention that, according to American calculations, the mere cost of each operation in connection with transmission of a telegram is $\frac{1}{2}$ a cent (approximately $\frac{1}{4}$ anna) for each operation, and it is calculated by our Telegraph Department that, as an average, there are five operations in India for three in Europe.

“It will be asked how, as a matter of accounting, we have hitherto shown a book profit on the transactions of the Telegraph Department. The answer is that this book-keeper’s correct statement of profit is calculated by including in the accounts the sums debited to Government Departments for official telegrams at the same rates as are charged to the general public. It must be remembered, however, that the loss on private telegrams is mainly due to the free transmission of addresses which in private telegrams are frequently inordinately long as compared with the paying part of the message—the body of the telegram. In Government telegrams the non-paying part of the message (the address) is relatively short as compared with the paying body of the telegram; also a large proportion of Government telegrams are sent at the paying urgent rates. Considering the importance to the Telegraph Department of its work for Government, it is certain that, were the Department a private commercial undertaking, Governments would demand and would be granted a very large reduction on the ordinary rates, such as is given for Press telegrams; and here it may be mentioned that there is a heavy loss on the transmission of Press messages.

“The difficulties and complications in connection with our present system of telegraph charges, and especially as regards free addresses, are extraordinary; but we have been and are giving the whole subject our most attentive consideration in the hope of finding a justification for some change advantageous to the public, particularly as regards the possibility of sending a non-urgent private telegram for a small charge.

“As regards the Persian tariff, I am afraid that I have nothing to add to the remarks made on the subject in my Financial Statement. I regret to say that the Persian Government has already refused any concession in the matter of postponing the operation of the new tariff. Disappointing as is this refusal, I understand that they are fully within their rights.

“The question of the advisability of guaranteeing the rate of exchange for interest payments on Rupee paper has been under the consideration of the

Government of India for a considerable time. It has latterly been discussed by some organs of the Press in India, and representations have been received from the Calcutta and Madras Chambers of Commerce recommending the guarantee. Bombay has refrained from offering an opinion, and public opinion is by no means unanimous in approving the proposal.

“Many serious points must be considered and decided before we could formulate or recommend a definite proposal. But first of all we must be clear in our own minds as to the objects for which change of any sort might be considered advisable. Such advisability must depend on the advantages which might be directly secured by the Government of India and consequently indirectly, but none the less effectually, by the Indian tax-payer. The interests of the investor can only be considered as far as they coincide with those of Government, but in the important points of the price of our securities (in so far as they affect our credit) and the investor's readiness to make further investments, these interests do coincide.

“Here, I think I should note that a fundamental financial principle is that the public debt of a country should, as far as possible, be held by the citizens of the debtor country, and that the obligations connected with such debt should be in the currency of that country. I may point out that the adoption of the present proposal in any form would constitute, to a greater or less extent, a breach of at least one of these fundamental principles, and therefore we must be very cautious in accepting any change unless we are very fairly assured of securing really important compensating advantages to the State.

“For my own part, I do not, as at present advised, find such certain compensating advantages to the State, in a proposal to fix the rate of exchange for interest payable on existing securities. Doubtless its acceptance would raise the price of Rupee paper in the market; but, though I am quite open to conviction in a contrary sense, it seems to me that such appreciation of the market price of existing securities, although a considerable gain to present holders of stock, would not offer any advantage to Government, and, as regards future investors, they will only think of the terms under which future investments may be offered to them. I am inclined to think then that the only question for practical consideration is the advantage or disadvantage in guaranteeing exchange on future issues.

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“I may point out some of the disadvantages which have been suggested as connected with the acceptance of even such a limited proposal :—

(1) We should be incurring debt payable in a currency which is not that of the debtor country.

(2) We should be introducing a new class of stock, for which the market would for some time to come be limited and the stock therefore not readily saleable.

(3) We should, it has been alleged, depreciate existing stock held under present conditions.

(4) We should, it has been suggested, discourage the fortunately growing tendency among Indian investors to hold Government stock, since the concession whilst raising the price of the stock would not present to them the same advantages as to investors living abroad, who are obliged in any case to convert their rupee dividends into gold.

“I do not say that I accept all these objections as well-founded or as unavoidable, but, at all events, they require very careful consideration.

“As regards (1) the objection cannot, in my opinion, be controverted. All that can be said is that the proportion of the stock which might become subject to the objection might, by arrangement, be so limited as compared with the total debt, that the objection becomes insignificant as compared with advantages which may possibly be secured in compensation.

“As regards (2) I do not think that the objection need necessarily be encountered. It seems to me that there are various possible arrangements, such as conversion of a limited portion of existing stock into stock of the new class, by which it could be met. I do not undertake to recommend such an arrangement, but I point out that it is possible.

“(3) is an objection which, personally, I do not think would arise in practice. I believe that there are two different categories of investors—those to whom the question of exchange is all-important, that is, to the investors permanently resident in Europe, and those to whom it is of little or no importance, that is, to those permanently resident in India. Each category would, in my opinion, hold the class of stock which suited it best and for which it would be willing to pay a full price.

"(4) If existing stock were left under present conditions, or only a small proportion of it converted, there would, I apprehend, be a sufficient quantity of such stock available to meet all requirements of Indian investors for a very long time to come, and should it, as is quite possible, command a lower price in the market than another class of stock the exchange value of the interest on which was guaranteed, I see nothing in the contingency to discourage the Indian investor.

"I have endeavoured to show that there are many important and difficult points for consideration, in connection with the proposal which has been made. I have no desire to prejudge the general question, which is receiving our careful attention.

"The Hon'ble Mr. Bose deals with many important questions in a temperate though earnest spirit which must command respect and attention. It is not within my province to reply to his remarks on the collection of land-revenue, beyond stating that he is certainly right in his assumption that the Central Government have no desire to be harsh in their dealings with the agricultural classes in impoverished districts, and I trust that the Finance Department is credited with too much good sense for it to be believed that we would knowingly injure the goose which lays our golden eggs.

"I am afraid that I cannot accept the views put forward by the Hon'ble Mr. Bose on the question of the excise-duties on cotton-manufactures and their effect on the cotton-industry. All industries have their ups and downs, and the cotton-industry in India cannot hope to fare better than other industries in the world, including the cotton-industry in Lancashire. I do not myself believe that the cotton-industry in India has been in any way seriously affected by the imposition of the excise-dues at the very moderate rate of $3\frac{1}{2}$ per cent. I am told that the average expenditure for clothing for the class who consume the bulk of the product of our cotton-mills is from 5 to 6 rupees per annum. Taking the highest figure, a charge of $3\frac{1}{2}$ per cent. thereon amounts to less than $3\frac{1}{8}$ annas per annum, even assuming, what is not the case, that clothing of no other material than cotton is worn.

"I cannot believe that $3\frac{1}{8}$ annas per annum paid by the consumer will limit his purchases of cotton cloth. Were I inclined to believe it, the figures showing the net receipts from excise-dues during the last six years, which I have quoted, flatly contradict the assumption. It is impossible that the amount of dues received from the cotton excise could have increased in so remarkable a manner if there had not been a corresponding increase

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in the outturn of the mills and in the consumption of their products. Where then is there a vestige of proof of the injurious effect of the excise? In my opinion it is a very useful tax, one which presses very lightly on the consumer, and which provides us with a rapidly increasing contribution towards the very heavy expenditure required for the development of the country. Personally, I must say that I hope that the tax will be long maintained, and that the continuance of a steady increase of the returns will continue to indicate the vitality of the cotton-industry, and the increasing prosperity of the people, whilst furnishing Government with increasingly important contributions towards meeting some of their more urgent wants.

“The Hon'ble Member says that the price of cotton-goods has fallen by 12 per cent. since 1894. I have no means of checking his figure or of comparing it with the general fall of prices in Europe, but I know that the latter has been heavy, and there is no reason why the industry in India should escape influences which have had similar results elsewhere. If the profits of the capitalist manufacturer are somewhat reduced by lower prices, the consumer is securing the full benefit of the reduction.

“I am quite prepared to admit that some of the cotton-mills in Bombay and perhaps in other parts of the country have of recent years been doing badly as regards profits, but it is a matter of common knowledge that many of them were being worked on an unsound financial basis, and that, no matter what the general conditions of trade might have been, they were bound sooner or later to feel the effect of their unfortunate financial position.

“The Hon'ble Mr. Charlu, I am inclined to think that there is something to be said in favour of the idea of a reduction of the salt-tax by an amount which could be readily calculated per seer. But, even if the idea were generally approved, to give effect to its acceptance would have entailed a reduction in the tax of 10 annas instead of 8 annas per maund—an addition of 25 per cent. to the loss of revenue which has been admitted. This addition the Government of India was not prepared to accept.

“The Hon'ble Mr. Gokhale criticises the action of Government in not having remitted taxation at a somewhat earlier date than the present. I can only say that, if we had accepted and acted on the opinion of Mr. Gokhale, we should not have ventured to reduce taxation now. Mr. Gokhale never tires of asserting that the people of this country are impoverished and going from bad

to worse, and, if such were really the case, it is evident that without an increase of taxation affording temporary financial relief at the expense of the future, it would be impossible to maintain our present scale of expenditure. Nevertheless we are increasing expenditure, and instead of increasing taxation we are reducing it. I should be indeed sorry for the inhabitants of this country if Government had been persuaded to act on my Hon'ble friend's opinion.

"It is not, however, surprising if the Hon'ble Member should fall into error in his general conclusions, since he seems to have been misled in the assumptions in detail from which he draws them. For instance, if he has ever glanced at our Customs-returns, it is beyond comprehension how he can assume that the poorer classes of the community pay their share of Customs-duties. Almost the only imported articles which I believe are consumed by those classes are grey cotton-goods, copper, in smaller proportion silver, and in very small proportion petroleum. Taking a liberal estimate of the share of these commodities imported for the use of the classes referred to, the proportion of Customs-duties they pay will not amount to more than 20 per cent. of the total returns, and, should we accept an estimate of even 25 per cent., it must be admitted that, in comparison with their numbers and aggregate taxable capacity, the poorer agricultural classes contribute but a trifling proportion to our revenue from Customs. If the Hon'ble Member should take the trouble to make any calculation on his own lines, he will arrive at a very much smaller percentage than I am prepared to admit, since, last year, he told us that the bulk of the people have nothing to do with the imports of sugar or cotton-goods.

"Again, as regards Forest revenues, the Hon'ble Member seems to be unaware that the bulk of the returns are derived from the sale of timber and that the receipts from the agricultural classes are but a small item in the general total. Sales of timber yielded 114 lakhs out of a total of 194 lakhs, and there are also sales of sabai grass, rubber, tannin, resin, turpentine and many other minor products. It must also be noted that the balance which is paid by agriculturists is not a tax, but a payment for value received, in grazing and other rights.

"I have already answered certain criticisms on the question of our military expenditure. The Hon'ble Mr. Gokhale, however, takes a line of his own in comparing the proportion of Indian military expenditure to total revenues, with the proportion in Russia. I do not know where he obtained the information as regards Russian expenditure, which has led him to the extraordinarily erroneous

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conclusions at which he has arrived. I receive every week the official journal of the Russian Finance Ministry, and from that undoubtedly trustworthy organ I can quote figures showing that the proportion of military expenditure to the total Russian revenues derived from taxation is nearly 40 per cent. and not as the Hon'ble Member assumes 25 per cent. And Indian figures include naval expenditure, which Russian military figures do not. I do not, however, recognise any useful object in such comparisons. We have no more interest in other people's military expenditure than they can have in ours.

"My Hon'ble friend says that he has no wish to repeat the remarks which he made last year in criticism of my expressed opinion on the general economic condition of the country. I am glad of it, since it saves me from all thought of wearying Council with a repetition of the refutation of his arguments which I believe I gave wherever they were of a nature to be tested by established facts and figures. He now wants to know why I selected the last four years for a comparative statement of the returns of certain revenues. The answer is simple. I took them because they were the last four years, and therefore the most interesting. It so happens also that, as these four years commenced with a terrible famine, the period immediately following that visitation is particularly interesting as affording evidence of the power of recuperation from its effects. But, if the Hon'ble Member would like to go back further, and take another four years, so as to include the last two great famines, his contentions equally fall to the ground. These figures which I have tabulated show that, between the years 1895-96 and 1902-1903, the revenues from the sources I selected for my argument increased by some 10 per cent. This is not a bad record for a period which, as I have recalled, included the series of famine years.

	1895-96.	1902-03.
	£	£
Salt	5,907,897	6,040,000
Stamps	3,151,370	3,471,900
Excise	3,814,945	4,377,600
Customs	3,107,606	3,509,700
Post Office	1,142,330	1,435,000
TOTAL	17,124,148	18,834,200

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"I must confess to a feeling of regretful surprise that such a student of the conditions prevailing in this country should suggest an accusation of drunkenness against his compatriots. The Hon'ble Member says that the increase in excise receipts is a sign of '*increased* drunkenness.' I have hitherto been under the impression that one of the great virtues of the peoples of India was their extraordinary sobriety. Perhaps, however, we may hope that the Hon'ble Mr. Gokhale is as mistaken as to the moral habits of certain classes as I think he has been clearly shown to be on many points in connection with their material condition.

"I will only notice one other statement made by my Hon'ble friend. To-day he has spoken feelingly of the hardship caused to the people by the great rise in prices. May I remind him that last year he spoke with equal feeling on the hardship involved in the fall of prices, in connection with a remarkable argument intended to show that taxation of the producers in this land was increasing to an alarming extent!

"In concluding my replies to the Hon'ble Member I would assure him that I am very grateful for all criticisms which may be passed on my Statements. If criticisms are based on fallacious assumptions, I am grateful for the opportunity of exposing fallacies. If they are well founded, I am still more grateful for being corrected. Nothing can be more valuable as an assistance to the honest study of a question than the pointing out of errors which may lead to false conclusions.

"My Hon'ble friend has pointed out an error which I made in including Berar revenues in a comparative statement of advance in Revenue. I am much obliged to him, and I can only beg to be excused when such errors creep into a statement prepared under the great stress for time inevitably accompanying the preparation of the Budget Statement.

"In correction of my mistake, I may say that the amount of the Berar revenues, inadvertently included in my Statement, is £79,400—out of the total increase of revenue amounting to £630,000—to which I was referring."

His Excellency THE PRESIDENT said:—"Among the objects that I have set before myself ever since I have been in India, and high up among the tasks of which I have sometimes spoken, has been a reduction of the burdens that rest upon the shoulders of the people. In my first Budget speech in 1899, I dis-

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cussed the question of remission of taxation, and showed that the time was not yet. Then we found ourselves caught in a cyclone of famine and general suffering, and all such ideas had to be postponed. In my third Budget speech, I again cautiously alluded to the matter; but, as we were still in the wood and had not got out into the open, I dared neither to be sanguine nor prophetic. Last year we had a large surplus, and I discussed in my Budget remarks the different ways in which we might have spent it. We decided to make a substantial gift to those classes of the population who had been hardest hit in the recent visitations, and we wiped off arrears of Land-revenue amounting to nearly two crores, or a sum of £1,320,000. Now at last in my fifth year we are able to take the further step that has all along been in our minds; and my present Budget speech is the pleasantest that I have yet been called upon to deliver, since it is associated with the first serious reduction of taxation that has been made in India for twenty years.

“ My view about taxation in this country has all along been this. I have never believed that, judged by any or all of the tests that are commonly and fairly applied, it is excessive or even high. I believe, on the whole, that so long as a liberal policy of remissions and suspensions of Land-revenue is pursued in bad times, it presses very lightly upon the people. But the material condition, or the relative acquiescence, of a people is not the sole measure of what taxation should be. Otherwise there would be a good argument for squeezing everybody up to the point at which he can give forth moisture without an audible groan. Another test which a just and liberal-minded Government cannot fail to apply is the observance of a due proportion between the revenues that are drawn from the people, and the calls that are made upon them by a reasonably progressive standard of administration. When it is found that for a series of years, including years of misfortune, the revenues of a country produce a considerable annual surplus over and above what is required by administrative needs, even interpreting these in the most generous spirit, then I think that the time has arrived for taking from the people somewhat less: and it is these considerations that have led my Colleagues and myself to give this relief, added to the fact that it has been long promised, and that the patience of the community has itself enhanced the case for remission. Sir Edward Law, whom I must take leave to congratulate both upon the results that he has achieved, and upon the modesty with which he has announced them, has shown in his Statement that we have endeavoured to bring our bounty home to those classes of the community that most require it, through the relief of the income-tax to the struggling members of the middle class, through the reduction in the

salt duty to the cultivating millions. The total annual sacrifice of revenue which we have thus accepted amounts to nearly 210 lakhs, or £1,400,000, and it will not, I hope, henceforward be in the power of anyone to say that we have refused to the people a due share in the improving prosperity of the country, or that Government has either selfishly absorbed or unwisely dissipated the fruits of the national industry. Some fear has been expressed that the benefits of the reduction on the salt-tax may be frittered away before they reach the consumer. But if we examine the result of what happened at the last reduction in 1882, and again when the duty was reimposed in 1888, we find good reason for thinking that a difference of 8 annas per maund does filter down to the people, and is reflected both in the price of the commodity and in an increase or decrease of consumption. I am glad to see that this view was endorsed by the Hon'ble Mr. Gokhale, who made a speech today, characterised by the great ability which we have learned to associate with his utterances. Of course the reduction of taxation now does not carry with it any promise that it will never at any time be reimposed. The income-tax in England, which is the great national reserve, goes up and down according to the financial position; and every civilized Government must have at its disposal the means of meeting an emergency, whether caused by war or anything else. The utmost that the community can demand is that taxation which has been taken off, upon its own merits, shall not be lightly reimposed, and that the financial emergency which is held to justify its reimposition shall be proportionate in degree to the prosperity which was responsible for the original relief. I hope myself that the consumption of salt may increase steadily under the lowered rate of duty, and that Government will gradually reap its reward in a recovery of revenue as well as in the gratitude of the people.

“One thing it may interest Hon'ble Members to know, namely, that since the salt duties were equalised throughout India, there has never been a period, except the six years between 1882 and 1888, at which the duty anywhere in India has stood so low as the rate to which we have now reduced it, and that since India was taken over by the Crown in the middle of the last century, the duty in Northern India and Bengal was never lower than two rupees eight annas except during the period above mentioned. These facts are, I think, of importance as tending to show the genuine and exceptional character of the present boon, and also the desire of Government, so far from making increasing expenditure an excuse for increasing calls upon the poorer classes of the population, to allow them to be the first to profit by an all round improvement in the national resources. There is one consequence that I hope may ensue from

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these measures of financial relief. I hope they may give the public at large, both in India and outside of it, a little greater confidence in the position and prospects of this country. Year after year we have put forward at this table statements of figures and facts tending irresistibly to show that there is a great reserve of economic vitality in India, which not even plague and famine and the expenditure entailed thereby have availed to subdue. We have shown steadily improving revenues, large and increasing surpluses, advances in all the tests that indicate material prosperity. We have even been able from time to time to confer, as we did last year, very large and substantial boons. But there has always remained a school of thought that declined to be convinced. With them the poverty of the Indian peasant, the decline of the country, and I may almost say its ultimate ruin, have almost become an article of political belief, based upon sentiment rather than reason, and impervious to the evidence of facts. And the final argument that has always been used by critics of this class is the following—‘We are not impressed by your figures; we do not believe in your surpluses; we are not even convinced by your occasional doles. Not until you give a permanent relief of taxation, shall we be persuaded, either of the sympathy of Government, or of the prosperity of the country. That is the sure and final test of the condition of India and of the statesmanship of its rulers.’ Well, I feel inclined to take these critics at their own word, and to invite them, now that we have subscribed to their test, to abate their melancholy, and to be a little more generous and less sceptical in the future.

“I do not wish it for a moment to be thought that, because we have been able to remit the best part of $1\frac{1}{2}$ million sterling per annum in taxation, therefore there is no poverty in India. Far from it. There is enough, and far more than enough. There is a great deal more than anyone of us can contemplate with equanimity or satisfaction. The size and growth of the population, the character of their livelihood, and to some extent their own traditions and inclinations, render this inevitable. But I do not believe that the people are getting poorer. On the contrary, I hold that they are making slow but sure advances, and that in normal conditions this progress is certain to continue. But in my view this can only be achieved, if all those who are concerned with the problem, whether as administrators or critics, do so in the spirit not of pessimism but of cheerfulness. As little by little we get forward, I would crown every milestone on the path with roses instead of wetting it with tears.

“There is another point of view from which I would for a moment invite the Council and the outside public to regard the relief which has been announced in this Budget ; since I think that here again we may find a useful corrective to some of the dangers of premature criticism. How often have we not been told in certain quarters in the past three months that the Delhi Durbar was a foolish and even wicked extravagance, because we spend the money of the people—how much or how little I shall presently show—without announcing to them a substantial benefit in return. I am not sure that my Hon’ble friend Mr. Charlu is not a little unsound on this point himself, for he generously offered to let bygones be bygones, as though there was something that we would rather like to forget. That is not at all our view. I may remark that I should have been glad enough to make the announcement at the Durbar, but that it is the usual practice of modern Governments to connect relief of taxation with Budget Statements, and with the beginning or end of the financial year. I should have thought that this was tolerably clear from my Durbar speech. However, our eager and incredulous friends would not wait even for three months. In their view the golden opportunity had been thrown away, and the Government that had sacrificed it had proved its indifference to the public interest. I feel tempted to wonder whether the Durbar, which I firmly believe that $\frac{9}{10}$ ths, I think I might say $\frac{99}{100}$ ths, of those who either saw it or know anything about it, regard as having been a unique success, will be relieved from the charge of failure at the hands of the minority who have hitherto so represented it, now that the solitary cause which was alleged to have been responsible for that failure has disappeared by the announcement in March of the bounty which they would have preferred to secure in January. When the Durbar is cited in the history of the future, even from the narrow point of view of material result alone, will it be quoted by the class of opinion of which I am speaking as a success because it heralded the present relief, or as a failure because it fell short by three months of anticipating it? I do not fancy that there can be much doubt as to the response.

“These remarks lead me by a natural transition to say something about the Durbar itself. And first I must devote a few words to the cost. As I said in my speech in September last, though this is not the test which I would dream of applying myself as the final or crucial touchstone to a ceremony which I at any rate regard as having had a profound political significance, and an almost immeasurable political effect, yet I have no right to object to its being

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applied by others, and I realize that even symbolism presents itself to many minds in terms of rupees and pies. If, however, we apply this standard, then I do not hesitate to claim an absolute vindication for all that I said last autumn. I remarked then that of the $26\frac{1}{2}$ lakhs estimated for Imperial Expenditure, we should recover the greater part, and I added that a great State ceremonial would never have been conducted in India upon more economical lines. These prophecies were not universally accepted at the time, but they have turned out to be scrupulously correct. And indeed they over-estimated, rather than understated, the actual outlay. The net charge against Imperial Revenues for the entire Durbar works out at little more than $12\frac{1}{2}$ lakhs, or £84,000. If to this we add the expenses incurred by Local Governments for their Provincial Camps, over which, from the circumstances of the case, the Government of India could exercise little control, and which amounted to a net total of a little over $14\frac{3}{4}$ lakhs, or £99,000, we get a net final charge, Imperial and Provincial, of about £180,000 for the Durbar. Is there any one who will tell me that this is an excessive charge upon a population of over 230 millions in British India, exclusive of the Native States, for celebrating the Coronation of their Sovereign? In Great Britain, with a population of 41 millions of people, they voted, I believe, £100,000 for a similar purpose, or a charge of less than $\frac{1}{2}d.$ per head of the people. They also spent £70,000 in entertaining the representatives who came from India to attend the ceremony. In India, we have spent £180,000 with a population of nearly 300 millions in all, or about $\frac{1}{8}$ th of a penny per head of the entire community. Is this too heavy a price for the people to pay for the Coronation of their Emperor? Has a similar sum never been spent upon an Indian marriage or upon an Indian accession? Why the sum is only about one-seventh part of the relief which we are going to give, not once, but in each succeeding year, to the Indian people by our relief of taxation. Each one of them paid in January a great deal less than a farthing for the Coronation of his Emperor. But he goes away in March with nearly eight times that sum in his pocket per annum. Spread over such enormous masses, the bounty may, in individual cases, seem small, but the recipient, I am sure, would be the first to recognise the degree to which he has gained; and I expect, if we could consult him, that he would at once respond by a request to have a Durbar every year, if only it was likely to be attended with similar results. There are, I know, some who say that this is all very well, but that we must look at what the Durbar cost the Princes and their people. Well, I do not know what it cost them, nor does anybody else, though I have seen a

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good many extravagant and random calculations. But I do know that these sums were voluntarily spent, that they were all spent in the country, that they diffused employment and radiated contentment far and wide, and that it would be impossible to get up a protest or a petition against them in a single Native State or in any part of the Indian Continent.

“But I would ask whether we may not leave this somewhat sordid field of controversy, and pause for a moment to enquire what was the effect of the Durbar itself. I have deprecated the financial criterion. Here let me deprecate the ceremonial criterion also. I have read a great deal since January about pomp and pageantry, and the idea of some persons seems to be that the Durbar was intended only to show the magnificence of the Empire and the trappings of the East. How strangely we often misread each other in the world. I suppose that reams of paper and gallons of ink have been expended upon the delineation of the splendours of the Durbar. May I make a confession? I have never read these accounts without a positive pang. For all the while I have been thinking about something else. I hope I am not a rhapsodist or a dreamer. But to me, and I hope to the majority of us, the Durbar meant not a panorama or a procession. It was a landmark in the history of the people, and a chapter in the ritual of the State. What was it intended for? It was meant to remind all the Princes and peoples of the Asiatic Empire of the British Crown that they had passed under the dominion of a new and single Sovereign, to enable them to solemnise that great and momentous event, and to receive the Royal assurance and greeting. And what was its effect? They learned that under that benign influence they were one, that they were not scattered atoms in a heterogeneous and cumbersome mass, but coordinate units in a harmonious and majestic whole. The scales of isolation and prejudice and distrust fell from their eyes, and from the Arab Sheikhs of Aden on the west to the Shan Chiefs of the Mekong on the borders of China, they felt the thrill of a common loyalty and the inspiration of a single aim. Was there nothing in this? Is it nothing that the Sovereign at his Coronation should exchange pledges with his assembled lieges, of protection and respect on the one side, of spontaneous allegiance on the other? Is it nothing that the citizens of the Empire should learn what that Empire means? Even if we take the rest of India, which could not be present at Delhi, but held its own rejoicings in its own place, is it nothing to lift an entire people for a little space out of the rut of their narrow and parochial lives, and to let them catch a glimpse of a

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higher ideal, an appreciation of the hidden laws that regulate the march of nations and the destinies of men? I believe that the Durbar, more than any event in modern history, showed to the Indian people the path which, under the guidance of Providence, they are treading, taught the Indian Empire its unity, and impressed the world with its moral as well as material force. It will not be forgotten. The sound of the trumpets has already died away. The Captains and the Kings have departed. But the effect produced by this overwhelming display of unity and patriotism is still alive and will not perish. Everywhere it is known that upon the throne of the East is seated a power that has made of the sentiments, the aspirations, and the interests of 300 millions of Asiatics a living thing, and the units in that great aggregation have learned that in their incorporation lies their strength. As a disinterested spectator of the Durbar remarked, 'Not until to-day did I realize that the destinies of the East still lie, as they always have done, in the hollow of India's hand.' I think too that the Durbar taught the lesson not only of power but of duty. There was not an officer of Government there present, there was not a Ruling Prince, nor a thoughtful spectator, who must not at one moment or other have felt that participation in so great a conception carried with it responsibility as well as pride, and that he owed something in return for whatever of dignity or security or opportunity the Empire had given to him.

"Passing from the Durbar, Hon'ble Members may like to hear something of the results of the Art Exhibition which we held at Delhi at the same time, and which was designed exclusively in the interests of the indigenous arts and industries of this country. What effect the Exhibition will have upon the future of Indian Art, it is of course impossible as yet to determine. But that it had a wonderful success in calling the attention of the outside public, foreign as well as Native, to the still vital capacities of Indian Art, is, I think, certain. Though the Exhibition was open but a short time, no fewer than 48,000 persons paid for admission, the cash sales amounted to over 3 lakhs of rupees, and the total receipts to more than 4 lakhs. The building cost something more than $1\frac{1}{2}$ lakhs; and, apart from that, the net cost of the Exhibition was only $\frac{1}{2}$ lakh. I think, therefore, that we may fairly claim, for a very moderate outlay, to have given an impetus to Indian art, which ought not to fade away, while the presence in so many museums and private collections of the beautiful objects that were purchased from the Exhibition ought to act as a timely advertisement to the still unexhausted skill of our craftsmen and artisans.

"Among the most contented of the participators at Delhi were the Ruling

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Chiefs of India, and not the least contented of them, I venture to say, was the Chief of premier rank, His Highness the Nizam of Hyderabad. I have had no previous opportunity of alluding to the agreement that I was fortunate enough to be able to conclude with him a little while before the Durbar. I may perhaps indulge in a brief reference to it now.

“It was an agreement regulating the future of the districts hitherto designated the Assigned Districts of Hyderabad, and more popularly known as Berar. The papers concerning that agreement have been made public; and it is open to anyone to form his opinion of the arrangement arrived at, and of the steps by which it was attained. I believe that it has generally been accepted as an agreement honourable to both parties, and bringing to a satisfactory termination a state of affairs that had for half a century been neither satisfactory nor profitable to either. I will only add here, as the correspondence has shown, that the agreement, following upon a friendly exchange of views between His Highness the Nizam and myself, represented the free and unfettered disposition of both parties, and that no trace of any opposite influence entered at any moment into its negotiation. His Highness is not less gratified with the agreement than we are, and if both parties are equally content, then I think that there is nothing unreasonable in asking the public to join in our felicitations. There are few questions of delicacy or difficulty connected with Native States in which it has not been my experience that the Chief is ready to discuss them in the most frank and courteous spirit with the head of the Government of India.

“I now pass to the wider range of subjects that is apt to be opened up by a Budget Debate. In some of these discussions I have spoken of the duties with which Government has charged itself, and of the manner in which they are being fulfilled. I do not propose today to say much of the labours that lie behind us. I will merely allude to a few that are in a state of transitional development, and the course of which we watch with natural anxiety from year to year. Our Currency Policy is working well, and is bringing back confidence to every branch of Indian finance and trade. Our Frontier Policy has so far been fortunate. The new Province is prospering, and we are gradually extending the application of the principles upon which our Frontier Policy depends. The Punjab Land Alienation Act is reported to be succeeding beyond expectation, and encourages us to approach with greater confidence attempts to arrest the evils of indebtedness and expropriation of the agricultural population elsewhere. You have heard Sir Denzil Ibbetson speak about

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these, and I have nothing to add to what he has so well said. The industrial legislation that we have passed during the past two years is bearing good fruit : and the increased wage for the coolie in the tea gardens of Assam will come into operation in the ensuing year. Rearmament has been completed in the regular Army, and only remains to be extended to the Volunteers, and we are proceeding to the organization of internal factories so as to render ourselves self-sufficing in the future. There is one matter which I have before now mentioned at this table, and to which I have attached an importance that has not always been recognized. I allude to the orders that we passed for a reduction in the number and length of official reports—that time-honoured foible and snare of Indian Administration. Some people said that the idea was excellent, but that the orders would be nugatory, and the difference *nil* : others applauded conciseness in the abstract, but deplored it in the case of every report to which it was applied. Of course we could not expect all in a moment to hit off the exact mean between prolixity and undue contraction, or to teach every officer straight away how to frame the ideal report. But that our orders have not only not been abortive, but have produced very material results, will, I think, be evident from the following figures. The total number of obligatory reports to Government has been reduced from nearly 1,300 to a little over 1,000. But the difference in their contents is more notable still. Before the issue of the new orders, the number of pages of letter-press submitted and printed was 18,000 ; it is now 8,600. The number of pages of statistics was 17,400 ; it is now 11,300, or a total reduction of pages of contents from 35,400 to less than 20,000. I do not think that this reduction has been achieved at any cost whatever to administrative efficiency. What it has meant in relief to the compiling officers, and in the release of energy for other and more important branches of work, will be patent to anyone who has the smallest experience of Indian administration.

“ I do not now propose to dwell further upon the past. I prefer, in what I have to say, to look ahead, and to form an estimate of the work that still awaits my Colleagues and myself, before we can say that the work of reform and reconstruction that we assumed has been duly started on its way, or before we can afford to rest a little on our oars. Sometimes I confess that I get a little appalled at the magnitude of the undertaking, and disappointed at the reception that appears to await reform. The very people who applaud reform and cry for the reformer are apt to express immense surprise at the one, and no small resentment at the other, when they are forthcoming. There are so many excellent arguments for doing nothing, such a reposeful

fascination in just scraping along. I have even learned in this country a new and captivating doctrine, *viz.*, that it is considered a mistake in some quarters to enquire at all. I came here with the idea that no sphere of administrative work in the world admits less of hasty generalisation or abrupt action than India: that the features of race, religion, and locality are so divergent, the needs of different provinces so opposite, the general lack of uniformity so striking, that before any organic changes could be introduced, profound and careful investigation was required, and a consultation of local authority and opinion, however bewildering the differences might be, was essential. If I held these views four years ago, still more do I hold them now. They are the commonplaces of Oriental administration. They seem to me the A. B. C of Indian politics. I cannot conscientiously recede from them in any respect. And yet how familiar I now am with the charge that it is a waste of time and a proof of insincerity to enquire, that Commissions are an expensive extravagance, and that the problems which we are engaged in laboriously investigating are so well known that only the meanest capacity is required to solve them without further ado. I do not think that the withers of my Colleagues or myself have been wrung by these remarks. Indeed, I have a shrewd suspicion that the very persons who protest against enquiry before action as a superfluity, would equally denounce action without enquiry as an outrage. I am afraid, therefore, that we shall obstinately continue our policy of ascertaining the data before we proceed to act upon them, although it will be gratifying to those who are so impatient for deeds to know that, in the case of the whole of our Commissions, the stage of investigation is now almost at an end, and that there lies immediately in front of us the onerous and responsible task of translating so much of their recommendations as we may decide to accept into practice. Who knows that before long we shall not have the charge brought against us of acting too much after having enquired too little? Perhaps we shall even be told, as we have been in a well-known case, that it was not necessary either to enquire or to act at all.

“ There is one respect in which we have just taken the final steps in dealing with the policy recommended by one of the most important Commissions that have sat and reported during my time. I allude to Sir Antony MacDonnell's Famine Commission. Soon after the Report first reached us, we issued orders to the Local Governments upon so much of the Report as we accepted ourselves without demur, and as we knew to be similarly acceptable to them. Since then we have conducted an exhaustive correspondence with the Local Governments and with the Secretary of State upon the more disputed aspects of the case; and

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we are now about to issue a Resolution, embodying final orders on the subject. A revised code of Famine procedure, based upon the latest experience, will then be at hand throughout India, which will regulate the operations of the next campaign as soon as it has to be undertaken. I do not assume for a moment that the last word on Famine Relief has been spoken, or that later experience may not guide us to even further improvements of system. The utmost that we can do at each stage is to profit by the lessons hitherto learned, and to translate our experience with as little delay as possible into executive orders and action, so that when the next calamity comes, Governments and individuals may go calmly to their task, instead of rushing into all sorts of experiments, and making all kinds of blunders which have to be paid for at a heavy cost later on.

“ The Hon’ble Rai Sri Ram Bahadur addressed to me to-day a personal appeal to do something before I go to strike at the root of the evil, by preventing the recurrence of famine in the future in this country. If there was one accessible root, and if the axe of Government could be laid to it, who can doubt that, not this Government alone, but every one of its predecessors, would long ago have discerned the seat of the evil, and have applied the instrument of destruction to it? We are cutting at the subsidiary roots. Extended irrigation, improved education, attempts to relieve the indebtedness and to increase the material prosperity of the people, crop-experiments, scientific research, and a careful overhauling of the machinery with which we meet drought when it comes—all these are efforts which will gradually diminish the severity and, I hope, contract the area of famines in India. But to ask any Government to prevent the occurrence of famine in a country, the meteorological conditions of which are what they are here, and the population of which is growing at its present rate, is to ask us to wrest the keys of the universe from the hands of the Almighty. I cannot furnish a better illustration of this than that which was given by the Hon’ble Member himself. In the autumn of the past year, it was by the dispensation of Providence alone, when the monsoon suddenly revived in the months of August and September, that what might have been famine conditions were turned into prosperity conditions during the present winter. The best Government in the world could not have accelerated that change by a single second; the worst Government could not have retarded it. The Hon’ble Member seems to think that famines in this country used not to be so bad in former years, and that similar calamities do not occur under similar conditions elsewhere. If he will study the Reports of the various Famine Commissions, he will find a good deal to throw doubt upon the former statement. If he turns to the history of Russia, he will find good reason for

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changing his opinion upon the latter. Government should never slacken for one moment in its peace-campaign, just as much as in its war-campaign, against famine. Thus we shall render it less formidable, and shall gradually gain the upper hand. But we are not, in my judgment, as yet within measurable distance of the time when the word prevention can be much upon our lips.

“As to the work that still lies before us, it falls under eight headings, concerning each of which I have a few words to say. It must not be thought that the order in which I happen to name them is the order of their importance. All are equally important, and all are simultaneously being taken up. Neither must it be thought, when I speak of them in the future, that we are now about to start work upon any of them for the first time. Throughout the past four years there is not one among them that has not been almost continuously under our notice. In every case we have reached an advanced stage of enquiry, and in some cases of action, and it only remains for us to carry these proceedings to the final stage, and to present to the Secretary of State and to the country the bases of a definite policy to be consistently pursued in the future.

“The first of these is Education. Do not let any one suppose that in any aspect of education we shrink from the duty that we have undertaken, which is that of formulating for the country a revised scheme of education in all its branches, University, Secondary, Primary, Technical, and Commercial. But we must postulate a little patience and ask for a little time. The proposals are so multiform, the needs so different, the guidance that we receive from the public so perplexing, that sometimes one scarcely sees light through the trunks of the trees. The subject of Education, however, and particularly of University Education in India, illustrates very forcibly what I said a little while back. More than a year and a half ago, I presided over a Conference of leading educational authorities, official and unofficial, at Simla, in order to assure myself of the trend of expert knowledge and opinion on these subjects. I remember at that time that the prevailing apprehension was lest the Government should suddenly spring a new educational policy upon the country, without giving to the interested parties an opportunity of having their say, and that the Simla decrees would be issued as a mandate to the nation. Nobody, I may say, ever entertained such a notion in the Government itself. On the contrary, we meant from the start to give to the qualified public the fullest opportunity for expressing its views. Accordingly, we appointed a Commission, under my Hon'ble Colleague Mr. Raleigh to examine into the question of the Universities, and we consulted the Local

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Governments upon every other feature of our plans. Since then the public has had the best part of a year in which to expend its energies upon discussion—an opportunity by which no one can say that it has not profited. Whether Government has profited equally by these proceedings is open to doubt, for I observe that whereas a year and a half ago every one was agreed that education in India stood most urgently in need of reform, that it had got entirely into the wrong groove, and was going steadily down hill, dispensing an imperfect education through imperfect instruments to imperfect products with imperfect results—a great many of the interested parties now meet together, and proclaim in injured tones that they stand in no need of reformation at all. Now let me say at once that this is not good business. I lay down as an absolute and unassailable proposition that our Educational systems in India are faulty in the extreme; and that, unless they are reformed, posterity will reproach us for the lost opportunity for generations to come. I remind the public that that proposition was most cordially endorsed by every shade of opinion $1\frac{1}{2}$ years ago. Since then we have shown a consideration for the interests of all concerned and a reluctance to act with precipitation that have been pushed almost to extremes, and have exposed us to the charge of timidity and irresolution. My object throughout has been to carry the public with us in our reforms, and to base them upon the popular assent. I am still hopeful that better counsels will prevail, and I shall spare no effort to attain this result. But if every reform proposed is to be overwhelmed with obloquy and criticism, because it touches some vested interest or affects some individual concern, if change of any kind is to be proscribed merely because it is change, if the appetite for reform, so strong two years ago, has now entirely died down, then I must point out that the educated community will have forfeited the greatest chance ever presented to them of assisting the Government to place the future education of this country upon a better footing, and Government will be left to pursue its task alone. I should be most reluctant to be driven to this course. I want to reform education in India, I will not say *omnium consensu*, because that may be an impossible aspiration, but with the good will and assent of reasonable and experienced men, and I have a right to ask that, in so far as they are dissatisfied with the *status quo*, they shall render our course not more difficult, but more easy.

“ I am well aware that University Education does not exhaust the field or the requirements of education in this country. There are many other aspects of the problem scarcely less important which we also have under examination—Secondary Education, or education in the High Schools leading up to the Colleges, Primary Education or the education of the masses in the

vernacular, Commercial Education, or the provision of a training that shall qualify young men for a business career, Agricultural Education, *i.e.*, a practical as well as a theoretical instruction in the staple industry of the country, Technical and Industrial Education, or the application of scientific methods and principles to the practice of national industries and handicrafts—all of these have come under review, and we are little by little shaping the principles that will presently form the basis of a policy and a programme. I would only say to the public—Do not be impatient, and do not be censorious. Do not impute dark conspiracies or assume that all the misguided men in the country are inside the Government, and all the enlightened outside it. What could be easier than for Government not to have taken up educational reform at all, or even now to drop it altogether? All the wild talk about killing Higher Education and putting education under the heel of Government merely obscures the issue, and paralyses action. Surely there are enough of us on both sides who care for education for education's sake, who are thinking not of party triumphs, but of the future of unborn generations, to combine together and carry the requisite changes through. I cannot imagine a worse reflection upon the educated classes in India, or a more crushing condemnation of the training that we have given them, than that they should band themselves together to stereotype existing conditions, or to defeat the first genuine attempt at reform that has been made for a quarter of a century. I agree with the Hon'ble Mr. Gokhale that education is one of the most solemn duties of the State. But the State, I venture to point out, is the aggregate of its own citizens, and not a mere governing organization alone, and in the latter capacity the State cannot discharge its educational responsibility without the cordial co-operation of the community at large. Before I leave the subject of Education, I will only add one word upon the subject of Scientific Research. This is of course the apex of educational advancement; and, in relaying the foundations, nothing would give the Government greater pleasure than to contribute to the possibility of adding the crown. I hope that Mr. Tata's splendid benefaction will shortly take practical shape. I have seen all sorts of assertions that it has languished for want of sympathy in official quarters. There is not an atom of truth in this insinuation, and when the history is published, as it shortly will be, no further misapprehension need arise. On the contrary, I hope that the scheme may then move rapidly towards realization.

“The second subject that awaits our treatment, and that will occupy us in the forthcoming year, is Irrigation. For two cold winters has the Irrigation Commission been pursuing its energetic researches; and soon after we get to Simla, the report will be in our hands. It will give us an exhaustive review of the capa-

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bilities for water storage or water utilisation of every part of the Indian Continent; and then we shall have to set to work to provide for every province its reasoned programme of tanks, or reservoirs, or wells, or canals, mapped out over a long series of years, and devised with strict regard to the experiences or the exigencies of drought. Much money will be required; many experiments will have to be made; some failures will be registered. But at least it will not be possible to say that the Government of India has ignored this aspect of the agricultural and industrial problem, or that we are wasting our water, because we do not know how to use it.

“Then we have the impending Report of the Police Commission and the impending reform of the Indian Police. I know no more of the proceedings of the Commission than has appeared in the newspapers, and I am unaware what our Commissioners will say. But, if any one had any doubt as to the need of enquiry, I should think that this must have been dissipated by the nature of the evidence that has been forthcoming; and, if anyone questions the need of reform, he cannot, I think, be a resident in this land. Upon this subject, however, I should like to add one word of caution. Reform we must, and reform we shall. But the main improvement that is required, which is a moral improvement, cannot come all in a gallop. Men are on the whole what their surroundings make them, and men do what their opportunities permit. It is not all in a moment that you can take one section of a society and create in it a different standard from that which prevails in another, even if you pay the former to look after the morals of the latter. We shall, I hope, get a better and a purer Police as a consequence of the changes that we shall introduce, but we shall not straightway found a new Jerusalem until we have educated the people who are to build and to inhabit it.

“I have often before spoken of my desire to introduce a more commercial element into the management of Indian Railways: and already we have made some progress in this direction. From our published Histories of Projects, from our Railway Conferences, and from our Travelling Commissions—all initiated during the past four years—the public, I think, know more than they used to do of our policy and aims. But I have never thought that this was enough. Railways in India have now climbed out of the cradle. They provide us with a recurring annual surplus. Before I came out here as Viceroy, I made a speech in London, at which I was thought rather sanguine for saying that while less than 21,000 miles were then open, I hoped that the total would exceed 25,000 miles in my time. It has already reached 26,500. But it is not mileage that impresses me, nor receipts. I am more concerned with up-to-date management and

efficiency, and I hope that the Report of our Special Commissioner, Mr. Robertson, which is on the eve of being submitted, may give us the clue that will guide us to far-reaching reforms, intended to place Indian Railways and their administration on a level with the most progressive achievements of other and more developed countries.

“ There is a subject long under our notice, which we hope to deal with in the ensuing year. This is that of the union or separation of Judicial and Executive functions. If any one could stand in my shoes, and with his ten hours work a day, could cast a glance at that file, the best part of a foot high, with its mass of opinions from Local Governments, High Courts, officials, and private persons, all waiting to be read and digested, and most of them saying different things, he would probably understand how it is that everything cannot be pushed forward at the same time. But the question is of great importance, and, whatever our ultimate decision may be, I should like it to be taken up and dealt with in my time.

“ I should have been tempted to say something about Agriculture to-day—the sixth subject in my present category—were it not that I have been so ably anticipated by my Hon'ble Colleague in the Revenue and Agriculture Department, Sir Denzil Ibbetson. When he is the inspiring genius and the spokesman of a Department, it seems superfluous for anyone else to add a word. I can, however, supplement what he has said by tracing the logical as well as chronological sequence of our labours. First let me say what we have attempted so far to do. We have endeavoured to deal with the indebtedness of the agricultural classes by the Punjab legislation which I before mentioned, and now by the Bundelkhand legislation which he has defended to-day. We have laid down broad and liberal principles explaining and regulating our policy of Land Revenue Assessments in India. We have created an Inspector-General of Agriculture at the head of an expert department, and we have constituted a Board of Scientific Advice. But before us lies the much bigger experiment of combined agricultural research, agricultural experiment, and agricultural education, which Sir Denzil Ibbetson has outlined, and which, if we can carry it through, ought to be of incalculable service to the country. If we can simultaneously train teachers, provide estate managers and agents, and foster research, we shall really have done some good in our time.

“ Then behind these proposals lies a scheme which we have greatly at heart, and about which I should like to add a word—I mean the institution of Co-operative Credit Societies or, as they are often called, Agricultural Banks. I have seen some disappointment expressed that we have not moved more quickly in

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this matter. If any one had studied, as I have had to do, the replies of all the Local Governments and their officers on the subject, he would begin to wonder when and how we are to move at all. Of course it is easy enough to express an abstract approval of Agricultural Banks, to denounce everybody who does not share your views, and to rush into experiments foredoomed to failure. But that is exactly what Government does not want to do, and what the replies of its advisers would render it suicidal to do. When there are many who say that the co-operative spirit does not exist in the rural community, that it is unsuited to the conditions of Indian character and life, that the Savings Banks are not patronised as it is, and that the requisite capital will not be forthcoming, it is impossible to pooh-pooh all these assertions as idle fancy. But even when we get beyond them, and justify the desirability of making the experiment on a moderate and cautious scale, we are still confronted with all manner of questions. Is the experiment to be made with village or urban societies, or with both, and which first? Should Government aid these societies, and, if so, to what extent, and for how long? What restrictions should be placed upon them, and should loans be permitted for unproductive as well as productive expenditure? What privileges or concessions should be granted to them by Government, and what restrictions should be imposed? All these are questions which have called for a good deal of thinking over before they could be answered. All the same, I think that we are beginning to see our way. Certain broad principles seem to stand out crisp and clear. The difference between rural organization in one part of India and another is so great that no one rule can apply to all. Different systems will have to be tried in different places. The one common feature must be simplicity. We must go slowly and surely, learning as we proceed. The people must be the final workers out of their own salvation, but we, *i.e.*, Government, may give them such assistance as we properly can. We can bestow certain advantages, and we can remove certain disabilities. But, in the main, the venture must depend on the people themselves. These are the broad general outlines that emerge from our study, and I believe that my Hon'ble Colleague Sir Denzil Ibbetson is prepared to advise us to legislate in this direction. I hope, therefore, that the matter may not be much longer delayed.

"I have upon another occasion spoken of projects that we have before us for improving and strengthening the position of Commerce in this country. Sir Edward Law is a firm friend of these interests, and I share his desire to do what we can. I wish that we had been in a position to-day to say something about the Commercial Bureau which excites so much interest. But we have not as yet had a reply from the India Office. Some persons, I

believe, have even larger ideas afloat. I would venture to say to them—Let us get our Bureau and make a success of it before we begin to agitate about a separate Department and a separate Minister. Even Great Britain has not yet secured a Minister of Commerce. Let us begin, as I hope we shall shortly be in a position to do, with a more modest ambition, and let the official and mercantile communities put their heads together to make it a success. Connected with Commerce is the question of a reduction in internal telegraphic rates. Sir Edward Law has made a few observations on this point. The matter has been under our study for many months. *Primâ facie* we should all like to increase the facilities enjoyed by the public, and I hope we may discover some means of doing so. But the question is not free from difficulty or financial risk.

“Lastly, I come to the heading of Finance, and by finance I do not mean those calculations which must inevitably lurk in the background of all the proposals that I have hitherto discussed, but the principles that regulate our control and dispensation of the Indian revenues. Here I will mention two matters only that have always seemed to me matters of the deepest importance, and of which I should like, if it were possible, to advance the solution in my time. The first of these is the constitution and employment of the present so-called Famine Insurance Fund. I have never been quite satisfied as to the position of this feature in our Accounts; and for two years we have been in correspondence with the Secretary of State on the matter. There is a good deal to be said upon both sides: and for the present we have not been able to arrive at a solution. The second question is that of the Provincial Settlements, which, though they have had their obvious merits, have not been unattended with friction and with drawbacks in operation. My Colleagues and I would greatly like, if we can, to invest these agreements between the Supreme and the Local Governments with a more permanent character, that would stimulate the energies of Local Governments and give them a greater interest in economy and good administration, [while retaining for the Imperial Government the necessary measure of ultimate control. I do not know whether we shall be successful in these efforts. But we are about, with the assent of the Secretary of State, to take them in hand.

“I have now covered the entire field of administrative work that appears to me to lie before the Government of India in the immediate future. We may, to use a slang phrase, be thought by some to have bitten off more than we can chew. We may be diverted from our laborious meal by other and unforeseen pre-occupations. I hope myself that neither apprehension will turn out to be genuine. The work that I have indicated is waiting to be done,

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and ought most certainly to be attempted. Whatever of time and energy remains to me, I hope to devote to the prosecution of the task, and my dearest ambition is to see it carried safely through.

“There is one final subject that is rarely mentioned in these debates, and that finds little place in the many utterances which the head of the Government is called upon to make in the course of the year, and yet in a sense it is the most important of all. I allude to Foreign Affairs; and it must be remembered that in the case of India the phrase includes her relations with the whole of her neighbours; and that this carries with it the politics of the greater part of the Asiatic Continent. I doubt if even the thoughtful public has at all realized the silent but momentous change that is going on, and that will one day have an effect upon India that is at present but dimly discerned. In the old days, and it may almost be said up to the last fifteen years, the foreign relations of India were practically confined to her dealings with Afghanistan, and to the designs or movements of the great Power beyond: and the foreign policy of India had little to do with any other foreign nation. It is true that we had territories or outposts of influence that brought us into contact with Persia and Turkey, and that we had occasional dealings with the Arabian tribes. Now all that is changed; and events are passing, which are gradually drawing this country, once so isolated and remote, into the vortex of the world's politics, and that will materially affect its future. The change has been due to two reasons. Firstly, as our own dominion has expanded, and our influence upon our frontier consolidated, we have been brought into more direct and frequent relations with the countries lying immediately beyond. For instance, the annexation of Upper Burma brought us into contact with an important corner of the Chinese Empire, and created a batch of frontier and other political problems of its own. But the second reason is much more important. Europe has woken up, and is beginning to take a revived interest in Asia. Russia with her vast territories, her great ambitions, and her unarrested advance, has been the pioneer in this movement, and with her or after her have come her competitors, rivals and allies. Thus, as all these foreigners arrive upon the scene and push forward into the vacant spots, we are slowly having a European situation recreated in Asia, with the same figures upon the stage. The great European Powers are also becoming the great Asiatic Powers. Already we have Great Britain, Russia, France, Germany, and Turkey; and then, in place of all the smaller European kingdoms and principalities, we have the Empires and States of the East, Japan, China, Tibet, Siam, Afghanistan, Persia—only a few of them

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strong and robust, the majority containing the seeds of inevitable decay. There lie in these events and in this renewed contact or collision, as the case may be, between the East and the West, omens of the greatest significance to this country. Europe is so accurately parcelled out between the various States and Powers, the balance of power is suspended on so fine a thread, and the slightest disturbance would imperil such wide interests, that short of some serious and unforeseen convulsion, which every one would wish to avert, great changes are not to be anticipated there. Africa is rapidly being overrun by the few European Powers who have obtained a foothold upon that Continent; and before long its political destinies and territorial grouping will have taken something like definite shape. But in Asia a great deal is still in flux and solution, and there must, and there will be, great changes. It will be well to realize what an effect these must have upon India, and how they must add to our responsibilities and cares. Our Indian dominions now directly touch those of Turkey in many parts of the Arabian peninsula, those of Russia on the Pamirs, those of China along the entire border of Turkestan and Yunnan, those of France on the Upper Mekong. In our dealings with them, the Foreign Department in India is becoming the Asiatic branch of the Foreign Office in England. Then round all our borders is the fringe of Asiatic States to which I just now alluded, whose integrity and whose freedom from hostile influence are vital to our welfare, but over whose future the clouds are beginning to gather. In Europe we are a maritime Power, who are merely called upon to defend our own shores from invasion, and who are confronted by no land dangers or foes. In Asia we have both a seaboard and a land frontier many thousands of miles in length, and though Providence has presented us on some portion of our land frontiers with the most splendid natural defences in the world, yet the situation must become more and not less anxious as rival or hostile influences creep up to these ramparts, and as the ground outside them becomes the arena of new combinations and the field of unforeseen ambitions. All these circumstances will tend, they are already tending, to invest the work of the Indian Foreign Department with ever-increasing importance, and they demand a vigilance and a labour of which there are but few indications in anything that reaches the public ear or falls under the public eye. Questions of internal development, administrative anxieties, agrarian and fiscal problems, fill all our minds, just as they have occupied the greater part of my speech this afternoon. But do not let the people of India think that we shall never have anything but domestic cares in this country. Do not let them forget that there are other and not inferior duties that devolve upon her rulers, that the safety of the Indian Frontier,

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and the maintenance of the British dominion in those parts of Asia where it has for long been established, and where it is the surest, if not the sole, guarantee for peace and progress, are in their hands, and that this no less than internal reform is part of England's duty. I see no reason for anticipating trouble upon our borders, and I know of no question that is at present in an acute or menacing phase. But do not let any one, on the strength of that, go to sleep in the happy illusion that anxiety will never come. The geographical position of India will more and more push her into the forefront of international politics. She will more and more become the strategical frontier of the British Empire. All these are circumstances that should give us food for reflection, and that impose upon us the duty of incessant watchfulness and precaution. They require that our forces shall be in a high state of efficiency, our defences secure, and our schemes of policy carefully worked out and defined. Above all, they demand a feeling of solidarity and common interest among those—and they include every inhabitant of this country, from the Raja to the raiyat—whose interests are wrapped up in the preservation of the Indian Empire, both for the sake of India itself and for the wider good of mankind.

“ We will now bring the labours of the present session to a close, and I declare this Council adjourned.”

The Council accordingly adjourned *sine die*.

J. M. MACPHERSON,

*Secretary to the Government of India,
Legislative Department.*

CALCUTTA :

The 28th March, 1903.

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Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at the Viceregal Lodge, Simla, on Tuesday, the 4th August, 1903.

P R E S E N T :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Sir C. M. Rivaz, K.C.S.I., Lieutenant-Governor of the Punjab.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Sir C. L. Tupper, K.C.I.E., C.S.I.

NEW MEMBER.

The Hon'ble SIR LEWIS TUPPER took his seat as an Additional Member of Council.

EXTENSION OF THE VICEROY'S TERM OF OFFICE.

Before proceeding with the business of the Legislative Council His Excellency THE PRESIDENT addressed Hon'ble Members as follows :—

“ It is my duty to make an announcement at the opening of these proceedings. Some months ago His Majesty's Government offered me an extension of my term of office in India; and since then I have long and anxiously considered what it would be right for me to do. The rule or custom of a five-years' duration of the Viceroyalty of India seems to me to be on the whole a wise rule, and I should not like by any action of mine to be thought to weaken its general application. Further, no one recognises more clearly than myself that no man is necessary, and that others could be found perfectly qualified to carry on the work. Nor can I be unaware of the tax

[*The President.*]

[4TH AUGUST, 1903.]

upon health and strength, and I would add upon spirits also, that is entailed by the long exile and the undeviating strain; or of the warning supplied by the experience of the only two Governors General in the last half century who have stayed beyond the five-years' term. These points, and many others that I could name, have been arguments in favour of not accepting the offer. But, on the other hand, I have felt that there was still work, hard and heavy but necessary work, to be done, which it was almost an obligation upon the person who had initiated it to see through. Five years may be long enough for the individual, but it is all too short for a Government that has embarked upon wide and comprehensive schemes of reform, and that aspires—I hope not vainly or foolishly—to redress many evils, and to communicate a fresh impetus to the strenuous organism of our Indian administration. Education, Police, Railways, Irrigation, Agricultural, Industrial and Commercial advancement, efficiency in every branch and department of our Administration—all of these have been, or still are, under our close examination; and as the result we hope to frame the lines upon which this country can pursue the great *développement* that awaits it for another generation. Some of our work is already done; much is still incomplete. A little while longer is needed to start the whole on its way. These are the considerations that led me to think that I ought not to turn my face homewards just yet, and that it would be a neglect of duty to abandon my share in the undertaking while it still remains unfulfilled. I have felt, too, that by staying on to complete this task, it might be in my power to do something more for the people of this country, which, in one way or another, I have endeavoured to serve for so many years of my life, and which can never lose its hold upon my affections. I have, therefore, accepted the offer of His Majesty's Government for an extension of my term of office, with permission for an interim vacation in England, should I desire to take it next year.

“ I have only come to this decision with much misgiving, but in the hope that I may find justification in the motive that underlies it, in the approval of the Indian people whom it is my privilege to serve, and in the support of the colleagues to whom I owe so much, and upon whose continued co-operation I feel confident that I may rely. I am aware that the administrative programme of which I have spoken, and which we have in hand, cannot be achieved—it has not been pursued thus far—without placing an immense strain upon the labour and energies of the official world throughout India, who are the direct instruments in formulating and carrying it through. The loyalty with which they have responded to every appeal, the zeal and devotion with which they have

[4TH AUGUST, 1903.] [*The President ; the Lieutenant-Governor ; Mr. Raleigh.*]

played their part, I can never sufficiently acknowledge or praise. But at least I may take this opportunity of publicly expressing my gratitude for it, and my pride at being permitted for some time longer to preside over a service thus constituted and inspired, and to assist in a task which I shall never cease to regard as the greatest and noblest that anywhere devolves upon the British race."

His Honour THE LIEUTENANT-GOVERNOR said :—" As I had the honour of serving as a Member of Your Excellency's Executive Council during the first three years of Your Excellency's administration and am head of the Province in which the meetings of Your Excellency's Legislative Council are at present being held, I trust that it will not be considered out of place on my part if I take on myself to assure Your Excellency that the announcement which Your Excellency has just made will be received with the liveliest satisfaction by all classes in India. Your Excellency, by consenting to prolong the tenure of your high and onerous appointment, will be able to bring to maturity such of the many important and beneficial projects which Your Excellency has initiated as it has not been found possible to complete within the ordinary limit of a Viceroy's term of office ; and I am confident that I am expressing the general sentiment not only of those present in this Council Chamber to-day, but of the entire community of this country, in saying that the Indian Empire is to be heartily congratulated on its good fortune in securing the benefit of Your Excellency's services for a further period, and in wishing Your Excellency health and strength to bring the great work which you have undertaken to a successful conclusion."

His Excellency THE PRESIDENT :—" Sir Charles Rivaz, I hope you will allow me to say that I am very grateful to you for the kind words which you have spoken. "

INDIAN EXTRADITION BILL.

The Hon'ble MR. RALEIGH moved that the Bill to consolidate and amend the Law relating to the Extradition and Rendition of Criminals be referred to a Select Committee consisting of the Hon'ble Mr. Arundel, the Hon'ble Sir Denzil Ibbetson, the Hon'ble Sir Lewis Tupper and the mover.

The motion was put and agreed to.

[*Sir Denzil Ibbetson.*]

[4TH AUGUST, 1903.]

CENTRAL PROVINCES MUNICIPAL BILL.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill to make better provision for the organization and administration of municipalities in the Central Provinces be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Sir Lewis Tupper and the mover.

The motion was put and agreed to.

POISONS BILL.

The Hon'ble SIR DENZIL IBBETSON moved for leave to introduce a Bill to provide for the regulation of the possession and sale of all poisons in certain local areas, and the importation, possession and sale of white arsenic generally. He said:—"My Lord, the question of regulating the possession and sale of poisons in India has frequently been under the consideration of Government. It was felt, however, that it was not advisable to create new offences, and to place new powers in the hands of subordinate officials, unless really effective control could be secured ; and it was doubted whether this was possible, in view of the absence of qualified druggists outside the large towns, and of the fact that vegetable poisons abound everywhere, while certain mineral poisons are largely used in indigenous industries. Proposals for general legislation were, therefore, rejected.

"In 1895 the matter was again brought to the notice of Government by a paper read before the Calcutta Medical Congress and by a presentment made by the special jury in a murder case tried before the Calcutta High Court. Especially the necessity for some control over the sale of white arsenic was insisted upon ; and it was thought that, even if any measures of universal application were inadvisable, it would at any rate be possible to regulate the sale of poisons within municipalities and cantonments. Local Governments were therefore asked for their opinions ; and the Bill which I ask leave to introduce is the outcome of the discussion which ensued. It is approved of by all the Local Governments, and by the various Chambers of Commerce and Trades Associations which have been consulted.

"I need not, I think, say much in justification of our proposals. India is probably the only civilised country in the world of which the Government exercises no general control over the sale of poisons. The Bill has been carefully framed so as to confine the control which it is now proposed to exercise within the narrowest limits which are compatible with the end in view ; and its

[4TH AUGUST, 1903.]

[*Sir Denzil Ibbetson.*]

provisions are wholly permissive, so that the action taken under it can be adapted to local circumstances. Power is taken to regulate the sale of all poisons within municipalities and cantonments ; but arsenic is the only poison the sale of which it is proposed to control in rural as well as in urban areas. The reason why arsenic is thus singled out for special treatment is, that it is the poison most commonly employed for homicidal purposes in India ; that, being used in the leather industry, it is procurable in every good-sized village ; and that it is not produced in India, so that it is possible to follow it from the importer to the consumer. The Bill accordingly provides for the prohibition of its importation into British India except under license.

“ The possession of poisons otherwise than for sale is not generally interfered with ; but power is taken to control such possession of arsenic in areas in which its use for poisoning either men or cattle is especially frequent. Power is also reserved to the Governor General in Council to extend to any other poison those provisions of the Bill which relate to arsenic, so as to provide for the possibility of the new restrictions inducing the Indian poisoner to adopt some other poison as his favourite agent.

“ The Government are anxious to avoid unnecessary interference with any legitimate industry in which poisons are employed ; and clause 10 exempts from the provisions of the Act everything done in good faith and in the exercise of his business or profession by any member of certain specified classes of persons. It is not impossible that this specification may require modification or enlargement, and we shall welcome any suggestions made with a view to its improvement.”

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON introduced the Bill.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

TRANSFER OF PROPERTY (AMENDMENT) BILL.

The Hon'ble SIR DENZIL IBBETSON moved for leave to introduce a Bill further to amend the Transfer of Property Act, 1882. He said :—“ My

[*Sir Denzil Ibbetson.*] [4TH AUGUST, 1903.]

Lord, the Bill which I now propose, with the permission of Council, to introduce, though very short, is one of considerable importance, since it will, if it becomes law, affect the manner in which transfers of real property are effected throughout the greater part of India.

“Under the law of registration, if two transfers of the same piece of land have been made by the owner, the later one by a registered and the earlier one by an unregistered document, the later transfer will hold good against the earlier by virtue of its registration. Until the year 1843, this rule was qualified by the proviso that the second transferee must not have had notice of the first transfer; and that, if he had such notice, the later transfer in his favour would no longer prevail over the earlier one. But in 1843 this ‘doctrine of notice,’ as it is called, was deliberately struck out of the Registration Act, on account, as expressly stated in the preamble of the revised Act, of the ‘forgeries, perjuries, fraudulent concealments and other practices’ to which it had given rise.

“The intention of the Legislature evidently was that the doctrine of notice should no longer hold good in India, and that a registered deed of transfer should override an earlier deed which was not registered, even though the later transferee might have been fully aware of the first transfer: and certain of the superior Courts adopted this view, holding that by deliberately removing from the Statute the words which imported into it the doctrine of notice, the Legislature had implicitly enacted that it should no longer apply. Others, however, ruled that the doctrine still held good, on the ground, apparently, that fraud of necessity vitiates a transaction. It was this difference of opinion which led to the matter being brought to the notice of the Government of India. The difference has since disappeared, and all the superior Courts are now agreed in the view that the doctrine of notice still holds good.

“But this is the very doctrine which, sixty years ago, the Indian Legislature tried to get rid of—as it now appears, ineffectually—because of the iniquities to which it was found to give rise. And the Government of India are confirmed in their adherence to the view then held, by the fact that in England also the expediency of the doctrine has been questioned, and that it has been rejected in certain recent legislation on the subject. On the other hand, it is difficult to ask the Legislature to expressly declare that, if two men conspire together to defraud a transferee of land who has been so careless as not to register his deed of transfer, they may use as the instrument of their knavery that very registration machinery which was devised as a protection against fraud,

[4TH AUGUST, 1903.]

[*Sir Denzil Ibbetson.*]

"The position was thus a difficult one. It was susceptible, however, of a simple solution, which was to insist that in future *all* deeds transferring real property should be registered, thus rendering the conflict between a registered and an unregistered deed impossible. And this is, broadly speaking, what the present Bill, which modifies the provisions of the Transfer of Property Act, is intended to effect ; although in Bombay and Bengal it is not proposed that the change should extend to leases. The change has also this incidental advantage, that the registration registers will in future furnish more complete information as to the title in real property—a point not without importance in provinces where no record-of-rights is maintained.

"When the Local Governments were consulted upon the proposal, the Governments of the Punjab and Burma, in which provinces the Transfer of Property Act is not in force, were at the same time consulted as to the advisability of extending to them either the whole Act, or at least those portions of it which regulate the mode of transfer, thus making the law on the subject uniform throughout virtually the whole of India, excepting, however, Upper Burma, in which province registration of documents has not yet been fully introduced.

"The Government of Burma was willing to extend the particular provisions to which I have just referred to the greater part of Lower Burma; and clause 2 of the Bill provides the necessary power. The Government of the Punjab objected to extending any portion of the Act to that province, mainly on the ground that the landowners are mostly small men and ignorant of the law; that they possess a record-of-rights, maintained with great efficiency, and which has their complete confidence; and that a duly attested mutation of names in that record is a method of transfer well suited to the people and their circumstances, and which it is desirable to encourage rather than to forbid. These arguments have been accepted by the Government of India, and the proposal against which they are directed has not been further pressed."

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON introduced the Bill.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

[*Sir Edward Law.*]

[4TH AUGUST, 1903.]

INDIAN TARIFF (AMENDMENT) BILL.

The Hon'ble SIR EDWARD LAW moved for leave to introduce a Bill further to amend the Indian Tariff Act, 1894. He said :—“ In view of the fact that the Act which at present regulates the question of countervailing duties upon sugar expires on the 31st August next, it has been held advisable to take fresh action in this matter in the way of legislation. Section 8A of the Indian Tariff Act, 1894, provides for the levy of an additional duty on articles on which a bounty is given directly or indirectly by a foreign State, and section 8B provides for the levy of additional duties in certain cases in which high protective duties render possible the creation of bounties by private trade combinations or cartels. The majority of the chief sugar-producing countries of Europe have agreed to arrangements designed to secure the abolition of all bounties and high protective duties on sugar on the 1st of September, 1903. Large stocks of sugar exist in those countries on which bounties have been paid and which have been produced under the cartel system. The object of this Bill is to continue the present additional duties on sugar until the 31st of March, 1904, when it is expected that the greater part of the stocks which have received bounties will have been consumed.

“ The opportunity has been taken at the same time to make it clear that section 8A of the Act of 1894, as amended in 1899, extends to bounties or grants paid or bestowed upon production as well as upon exportation.”

The motion was put and agreed to.

The Hon'ble SIR EDWARD LAW introduced the Bill.

The Hon'ble SIR EDWARD LAW moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India and in the local official Gazettes in English.

The motion was put and agreed to.

The Council adjourned to Friday, the 28th August, 1903.

J. M. MACPHERSON,

*Secretary to the Government of India,
Legislative Department.*

SIMLA ;
The 6th August, 1903. }

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at the Viceregal Lodge, Simla, on Friday, the 28th August, 1903.

P R E S E N T :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Sir C. M. Rivaz, K.C.S.I., Lieutenant-Governor of the Punjab.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. FG. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. E. Cable.

The Hon'ble Sir C. L. Tupper, K.C.I.E., C.S.I.

N E W M E M B E R.

The Hon'ble MR. CABLE took his seat as an additional Member of Council.

I N D I A N T A R I F F (A M E N D M E N T) B I L L.

The Hon'ble SIR EDWARD LAW moved that the Bill further to amend the Indian Tariff Act, 1894, be taken into consideration. He said :—" I believe that the situation rendering legislation advisable is fully understood, and I think it is unnecessary for me now to add anything to the statement made on the subject when I introduced the Bill."

The motion was put and agreed to.

The Hon'ble SIR EDWARD LAW moved that the Bill be passed.

The Hon'ble MR. CABLE said :—" Before the Bill now under consideration is passed, I desire to congratulate Your Excellency's Government upon having

[*Mr. Cable.*]

[28TH AUGUST, 1903.]

come to the decision of extending for a further period the present Act, thereby carrying to a successful conclusion the object of the original legislation. I note that the Hon'ble Member in charge of the Bill alluded on a previous occasion to the possibility of a further extension being necessary. It is well of course to be prepared for any eventuality, but the mercantile community, whom I represent and who are fully in accord with the provisions of this Bill, hope and expect that no further extension may be necessary.

"The reasons for the extension of the provisions of the present Act up to the 31st March next have previously been referred to by the Hon'ble Member in charge of the Bill. The facts are well known to the public and need not be referred to by me. All that has ever been asked for is fair play for the refining industry of India. That was the intention, and has been the effect, of the present Act. In this connection I may usefully quote from the Hon'ble Mr. Finlay's speech when the present scale of duties was imposed :

'The Government of India,' said Mr. Finlay, 'has never proposed or contemplated giving to the sugar industry of India protection against the fair and ordinary competition of foreign sugar. The protection has been restricted to that against the unfair competition of bounty-fed sugar, and the countervailing duties have been limited to the amount of the bounties.'

"If a defence of the present Bill were necessary, I should take as my text those words of the Hon'ble Mr. Finlay. If the refining industry of India cannot thrive under conditions of fair and ordinary competition with foreign sugars, I for one should say, let it perish.

"I am led to make these observations because I have heard it alleged that the present Bill is of a protective character ; but I do not so regard it. Nor do I look upon it—as I believe some do—as an indication that the Government of India are favourably inclined towards those views of the nation's fiscal policy which have been of late so closely associated with the name of the Secretary of State for the Colonies. A moment's consideration will be sufficient to show that there is no sort of resemblance between the present measure—which is purely defensive—and any scheme of preferential tariffs. I do not know how the Government of India view the difficult questions which the Colonial Secretary has raised, but I have no doubt that in due course the commercial bodies in India will be given an opportunity of expressing their opinions."

The motion was put and agreed to.

[28TH AUGUST, 1903.]

[*Mr. Arundel.*]

INDIAN OFFICIAL SECRETS (AMENDMENT) BILL.

The Hon'ble MR. ARUNDEL moved for leave to introduce a Bill to amend the Indian Official Secrets Act, 1889. He said :—"The object of the Bill is to remedy certain defects which have been found in the Indian Official Secrets Act, 1889.

"With regard to section 3 of the Act, it is difficult, if not impossible, for the prosecution to give actual proof that an accused person was actuated by a wrongful intention in endeavouring to procure information. Clause 2 of the Bill therefore proposes to substitute the words 'without lawful authority or permission the proof whereof shall be upon him,' that is, upon the accused person.

"It is also considered necessary to make it clear that secret information relating to civil as well as to naval and military affairs is protected by the law.

"Provision has also been made to guard against attempts to commit the offences specified in the Act, and also to treat copies of documents in the same way as originals.

"Clause 3 of the Bill provides for the arrest of offenders and authorizes Courts to take preliminary action pending the orders of Government as to whether a prosecution should be instituted. It also provides for the immediate release of an accused person by a responsible officer if the latter considers that there is no need to take the case into Court."

The motion was put and agreed to.

The Hon'ble MR. ARUNDEL introduced the Bill.

The Hon'ble MR. ARUNDEL moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

[*Mr. Arundel.*]

[28TH AUGUST, 1903.]

INDIAN FOREIGN MARRIAGE BILL.

The Hon'ble MR. ARUNDEL moved for leave to introduce a Bill to give effect to the Foreign Marriages Order in Council, 1903. He said:—"On several occasions difficulties have arisen in connection with the intended marriage of British subjects under the provisions of the Foreign Marriage Act and Foreign Marriages Order in Council, 1892, in cases where one of the parties has been resident in India.

"The Foreign Marriages Order in Council requires that in cases where one of the parties has not been resident within the district of the Marriage Officer, who is to celebrate the marriage, that party shall produce a certificate from the Marriage Officer of the place in which he or she has been resident, that proper notice has been given of the marriage; but these requirements of the Order in Council relate only to foreign countries and to the United Kingdom, while no instructions are given concerning notice of marriage by persons resident in India.

"After some correspondence between the Secretary of State and the Government of India an Order in Council was issued on the 12th March, 1903, to the following effect :

' 1. The following further modifications of the requirements of the Foreign Marriage Act, 1892, as to residence and notice which appear to His Majesty to be consistent with the observance of due precautions against the solemnization of clandestine marriages, shall have effect in cases where one only of the parties has dwelt within the district of the Marriage Officer and the other of such parties has dwelt in a Colony or in India, that is to say :

- (1) if the Marriage Officer is satisfied that such notice has been given by the party dwelling in such Colony or in India as may be provided by any law in that Colony or of the Governor General of India in Council (as the case may be), giving effect to this Order ;
- (2) in any such case the oath, affirmation or declaration required by section 7 of the Foreign Marriage Act shall be made subject to the modifications thereof to which effect is given by article 6 of the Foreign Marriages Order in Council, 1892.

' 2. A law enacted by the Legislature of a Colony or by the Governor General of India in Council shall be deemed to give effect to this Order if it makes provision (in whatever terms expressed) as follows :

[28TH AUGUST, 1903.] [*Mr. Arundel ; Mr. Raleigh.*]

- (1) that a notice of a marriage intended to be solemnized under the Foreign Marriage Act may be given by one of the parties intending such marriage who has had his or her usual place of abode for three consecutive weeks immediately preceding in some place in that Colony or in India (as the case may be) to such Marriage Registrar or other officer as may be designated by the law in this behalf ;
- (2) that such notice shall be published either by proclamation of banns or in such other manner as the law may provide ; and
- (3) that such Marriage Registrar or other officer, unless he is aware of any impediment or objection which should obstruct the solemnization of the marriage, shall, on payment of such fee, if any, as the law may provide, give a certificate that the said notice has been so given and published as aforesaid.'

"The Bill which I beg for leave to introduce is intended to give effect to this Order in Council. It extends to the whole of British India, and applies to all British subjects and to all servants of the King, whether British subjects or not, in the territories of any Native Prince or State in India.

"The Bill is purely permissive and nothing in it affects a valid marriage solemnized outside its provisions."

The motion was put and agreed to.

The Hon'ble MR. ARUNDEL introduced the Bill.

The Hon'ble MR. ARUNDEL moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

LEPERS (AMENDMENT) BILL.

The Hon'ble MR. RALEIGH moved for leave to introduce a Bill further to amend the Lepers Act, 1898. He said :—"The object of the Bill is to provide for the segregation and treatment of lepers belonging to Native States. Under the law as it now stands, a Local Government cannot specify areas in Native States from which lepers may be sent to asylums in British India. It is obviously expedient that this power should be exercised in certain cases, and, as the Bill can hardly be said to raise any disputed question, it will not, I think, be necessary to refer it to a Select Committee. At a future meeting of the Council, I propose to move that the Bill be taken into consideration and passed."

[*Mr. Raleigh.*]

[28TH AUGUST, 1903.]

The motion was put and agreed to.

The Hon'ble MR. RALEIGH introduced the Bill.

The Hon'ble MR. RALEIGH moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in English in the Gazette of India and in the local official Gazettes.

The motion was put and agreed to.

The Council adjourned to Friday, the 18th September, 1903.

J. M. MACPHERSON,

SIMLA;
The 28th August, 1903. }

*Secretary to the Government of India,
Legislative Department.*

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at the Viceregal Lodge, Simla, on Friday, the 18th September, 1903.

P R E S E N T :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Sir C. M. Rivaz, K.C.S.I., Lieutenant-Governor of the Punjab.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. FG. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Sir C. L. Tupper, K.C.I.E., C.S.I.

CASE OF THE KING-EMPEROR *V.* BAIN.

Before the business of the Council was proceeded with, the Hon'ble SIR DENZIL IBBETSON made the following remarks :

“ My Lord, before we enter upon the business of the day, I desire, with Your Lordship's permission, to say a few words in connection with the criminal case of the *King-Emperor v. Bain* which has recently been before the High Court at Calcutta, and which has attracted much public attention. I do not propose in any way to discuss the merits of the case. But it is evident from what has appeared in the public Press that there is much misapprehension as to the facts, some of which are within the knowledge of Government alone ; and, as it seems desirable that this misapprehension should be removed, I propose briefly to trace the history of the proceedings.

“ Towards the end of last December Mr. Bain, who was the Assistant Manager of a tea-garden in Cachar, was charged before the Deputy Commissioner of that district with the culpable homicide of one of his coolies named Lalsa.

[*Sir Denzil Ibbetson.*] [18TH SEPTEMBER, 1903.]

The Deputy Commissioner held the usual inquiry, which resulted in his committing Mr. Bain to the Sessions Court. He was tried in February last by the Sessions Judge of Cachar and a jury composed of five Europeans, of whom four at least appear to have been planters of the district. It was alleged by the prosecution that Lalsa and two women, who were respectively his wife and niece, having absconded and been caught, Mr. Bain had with his own hands flogged Lalsa with a stirrup-leather, so that he collapsed and presently died; and that he had also caused the two women to be beaten. On these allegations the accused was charged, in respect of Lalsa with the offence of culpable homicide not amounting to murder and of voluntarily causing grievous hurt, and in respect of the women with abetting the offence of voluntarily causing hurt. The charge of culpable homicide, however, was not pressed at the trial. For the defence it was denied that Mr. Bain had either beaten Lalsa or caused the women to be beaten, and it was asserted that the charges were the result of a conspiracy. The jury, after hearing the evidence and being duly charged by the Judge, returned a unanimous verdict. They acquitted Mr. Bain of abetting hurt to the women. As regards Lalsa, they acquitted the accused on the charges of culpable homicide and grievous hurt, but they found him guilty of causing simple hurt; and the Sessions Judge, accepting this verdict, sentenced Mr. Bain to six months' simple imprisonment. This was on the 20th February. No appeal was made against this sentence, and Mr. Bain was removed for his term of imprisonment to Calcutta.

"The proceedings in the case had been reported to the Government of India by telegram in accordance with standing orders which have been in operation since 1897; and, on receiving intimation of the result of the trial, that Government, on the 27th February, telegraphed for a copy of the judgment. The order containing the findings and sentence was despatched on the 4th of March, but the heads of the Judge's charge to the jury did not reach the Government of India until the 30th March. These papers were considered by the Departments concerned. They regarded as conclusive the unanimous finding of the jury upon the matters of fact which were in issue, namely, that Mr. Bain had beaten Lalsa, but had not caused the women to be beaten, supported as this finding was by the Judge's recorded opinion that the evidence on the former point was very strong, both direct and circumstantial, that the evidence on the latter point, while fairly strong, was far weaker than that on the former, and that the statement for the defence was improbable and absolutely unsupported by any evidence. In the absence of the record, they saw no reason to question the

[18TH SEPTEMBER, 1903] [*Sir Denzil Ibbetson.*]

acquittal on the charge of grievous hurt. But they regarded the sentence of six months' simple imprisonment as inadequate to the offence of which the accused had been found guilty; and they felt a special responsibility for the due protection from injury or ill-treatment of persons who are employed upon the Assam tea-gardens under legislation which the Government of India have themselves enacted, and the operation of which they are in consequence under a peculiar obligation to safeguard from injustice or abuse. They proposed, therefore, to address the Chief Commissioner on the subject.

"The concurrence of the Viceroy, who was then on tour, having been obtained, the Chief Commissioner was addressed in a letter dated the 28th April. The views of the Government of India were explained to him, and he was asked to send for and examine the record, and, if he thought proper, to move the High Court to enhance the sentence. In the event of his considering it inadvisable to adopt this course, he was asked to send the record to the Government of India and to state the considerations which had led him to that conclusion. The Chief Commissioner's reply reached the Government of India on the 25th May. He was of opinion that the offence demanded a severer sentence than that which had been passed, and that the term of imprisonment might have been extended, or the imprisonment might have been with hard labour. But, regarded as a deterrent, he thought the sentence adequate, and on general grounds of expediency he was disinclined to apply for its enhancement. He therefore forwarded the record in the case.

"The matter was again considered by the Departments concerned. For reasons already stated, they were not disposed to accept the Chief Commissioner's conclusions as regards an application for enhancement. And upon a careful examination of the complete record, which was now for the first time in their possession, they thought it most desirable that the charge of grievous hurt should, if the Law Officers of Government advised such a step, be further investigated. In order to enable Government to arrive at a decision on this point, they proposed accordingly to consult the Advocate General. A doubtful point of fact was cleared up by a telegraphic reference to Assam, and on the 10th June the Solicitor to Government was addressed. The doubts which the Government of India entertained were explained, and he was directed to consult the Hon'ble the Advocate General as to whether, in his opinion, it was desirable to file an appeal against the acquittal on the charge of grievous hurt, and also whether, either in connection with such an appeal or

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independently of it, he would recommend an application for the enhancement of the sentence.

"The Advocate General's opinion reached the Government of India on the 17th of June. Since any summary of it might be the subject of misrepresentation, I propose to quote it in full :—

'I have perused the copy of the depositions on the trial and the notes of charge and other papers. Where the trial is by a jury, an appeal will lie, even at the instance of Government, on a matter of law only, and in this case an appeal will only lie if the Judge has misdirected the jury by failing properly to explain to them the law on the subject of grievous hurt. As to this the notes of charge are very meagre; and he may possibly have made good in his full charge certain deficiencies appearing on the notes. He lays down in the notes as one of the important questions of fact "(b) if so, did the beating amount to grievous hurt"; and upon this he says "evidence as to (b) somewhat doubtful, since this depends upon direct evidence which is weak as to detail." I think he is in error and has misdirected the jury here, because it does not depend on the direct evidence alone, but on the direct evidence coupled with all the medical evidence, which is most material. He again refers to this question in the latter part of the notes as follows :—"(b) If they believe the man was beaten for the best part of an hour, they should convict under section 325." In this I also think he misdirected the jury, for he in effect told them that if they should not find that the man was beaten for the best part of an hour, they should not convict him under section 325; whereas he ought to have told them that the actual duration of the beating was immaterial upon this question, and he ought to have explained to them the law as to what constituted grievous hurt under the eighth head of section 320. But the High Court may think that he may have supplemented in his full charge the defects in the notes; and, if the appeal against the acquittal fails, the Court would have no power upon the appeal to enhance the sentence on the conviction for simple hurt. Still the High Court has, in the case of *Mehter Ali v. Empress*, I. L. R. 11 Cal. 530, in dismissing the appeal, directed as a Court of Revision that the sentence should be enhanced. I am therefore of opinion that it will be desirable to file an appeal in the High Court against the acquittal under section 325, and to add to the petition of appeal a prayer that, in case the Court should hold that there were no sufficient grounds for the appeal, the Court should, in the exercise of its revisional jurisdiction, enhance the punishment on the conviction for simple hurt.'

"Acting upon this advice, which was the sole opinion received, the Government of India directed the Chief Commissioner of Assam to instruct the Law Officers of Government to file an appeal against the acquittal on the charge of causing grievous hurt to Lalsa, and in the alternative to move the High Court, in the exercise of its revisional jurisdiction, to enhance the sentence on the conviction

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for simple hurt. The Government of India have not before them the memorandum of appeal which was actually presented; but they understand that it contained an additional plea of misdirection by the Sessions Judge on the charge of abetting the beating of the two women, and an appeal against the acquittal on that charge also. The appeal came before a Divisional Bench of the High Court, consisting of Mr. Justice Banerjee and Mr. Justice Handley, on the 6th July, and after a prolonged argument, in which both sides were represented by counsel, by whom both the law and the facts were fully discussed, the Bench held, in an elaborate decision which was delivered on 11th August by Mr. Justice Banerjee, that material misdirection was established in regard to both charges, namely grievous hurt to Lalsa, and abetment of hurt to the women. They therefore set aside the verdicts of acquittal on both these charges; and, since the same misdirection must be held to have vitiated the verdict of conviction on the charge of simple hurt to Lalsa, which relates to the same matter, they set aside that verdict also, and directed a fresh trial upon all three charges. On the application and for the convenience of the accused, the re-trial was ordered to be held, not in Cachar, but on the Original Side of the High Court in Calcutta.

“The case came on for trial on 31st August before Mr. Justice Sale, who, before the special jury had been empanelled or any evidence proffered, made certain observations on the case, the substance of which has appeared in public print. At the conclusion of Mr. Justice Sale’s remarks the Advocate General, feeling that he had no option but to withdraw from the prosecution after what the learned Judge had said, and acting in the exercise of the discretion conferred upon him by section 333 of the Criminal Procedure Code, entered a *nolle prosequi* on all the charges. The Judge thereupon directed that Mr. Bain should be discharged and that the discharge should amount to an acquittal on all charges, and the proceedings in Court terminated.

“Such is a bare statement of the facts as known to the Government of India. No instructions, official or unofficial, were issued, and no steps were taken by them, other than those which have been mentioned in this statement. The course of action adopted has been in accordance with the recognized departmental procedure, with the view of their responsibility entertained by the Government, and with the recommendations of their constitutional adviser in legal matters.”

His Excellency THE PRESIDENT said:—“In connection with one remark that has fallen from my Hon’ble Colleague Sir Denzil Ibbetson, I should like to

[*The President.*]

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remove a further misapprehension that appears to prevail. I have noticed frequent references, some even on public occasions, to orders that are believed or alleged to have been issued at a recent date by the Government of India in connection with cases between Europeans and Natives. These orders are variously supposed to relate to the reporting of these cases to Government and to the administration of criminal justice. As regards the latter, I may say at once that no orders have been issued of any sort whatsoever, official or unofficial, public or private and any statement or belief to the contrary is without foundation. The matter does not fall within the scope of the Executive Government. As regards the reporting of cases, the Hon'ble Sir Denzil Ibbetson referred in his statement to the orders of 1897, and it is upon this point that I desire to add a word. It was found by Lord Elgin's Government that very often they only learned of important occurrences in different parts of India from the newspapers, and that the official accounts of the same incidents did not reach them till months after they had taken place. This was due to the failure of Local Governments to report or to the great delay in doing so. Accordingly, on 24th August, 1897, Lord Elgin's Government issued orders to the Local Governments requiring them to issue instructions to their local officers to send to the Government of India duplicates of the telegrams in which they reported matters of importance to the Local Government or Administration, and among the matters of importance which were specifically mentioned in the orders were 'all collisions between Europeans of all classes and Natives.' During the first fortnight that I was in India, *viz.*, in January, 1899, it was represented to me by the Home Department that these orders had not been altogether successful, because the Local Governments did not like their local officers reporting to the Government of India over their heads—a proceeding which seemed to them both to impugn and to divide their own responsibility. We felt that these objections were reasonable, and accordingly one of my first acts was to authorise the issue of a letter, dated 23rd January, 1899, saying that we withdrew the orders about local officers reporting to us direct, and that we left to the Local Governments the duty of repeating to us the telegrams which they had received from them. Two years and a half later it was reported to us that the terms of Lord Elgin's orders of August, 1897, which referred to all collisions, were being so interpreted as to send up to the Government of India a number of absolutely trivial cases, the reporting of which wasted time and trouble, and was alleged to cause irritation. On looking into the case there seemed to be some foundation for

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these complaints, and accordingly in July, 1901, I authorised the issue of orders from the Military Department, modifying the orders of 1897, and laying down that we did not require reports of unconfirmed assaults or of assaults of a positively insignificant character. These orders, which related to soldiers, were repeated in November, 1901, in a letter to the Local Governments, making the same modification in the case of civilians.

"How useful the new orders were in both cases has been shown by subsequent experience. The number of civil and military references decreased in the year 1902 by close upon three-fourths as compared with the corresponding figures for 1900 and 1901.

"It would thus appear that the orders have now attained a form which is free from the objections that attached to their original shape, and that answers the purpose for which they were devised. The necessity of receiving prompt information on matters that may develop a serious aspect, which was the principle upon which Lord Elgin's Government insisted, has been and must be maintained, but the rules have been freed from the drawbacks that were found to have arisen from their too strict interpretation in practice. These are the only Government orders that exist on the subject."

INDIAN EXTRADITION BILL.

The Hon'ble MR. RALEIGH presented the Report of the Select Committee on the Bill to consolidate and amend the law relating to the Extradition and Rendition of Criminals.

CENTRAL PROVINCES MUNICIPAL BILL.

The Hon'ble SIR DENZIL IBBETSON presented the Report of the Select Committee on the Bill to make better provision for the organization and administration of municipalities in the Central Provinces. He said that the alterations which the Select Committee had made were set forth in the Report, and none of them were of such a nature as to call for any remark from him.

LEPERS (AMENDMENT) BILL.

The Hon'ble MR. RALEIGH moved that the Bill further to amend the Lepers Act, 1898, be taken into consideration. He said that the objects of the

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Bill were explained in his introductory statement and that no criticism had been received.

The motion was put and agreed to.

The Hon'ble MR. RALEIGH moved that the Bill be passed.

The motion was put and agreed to.

The Council adjourned to Friday, the 23rd October, 1903.

SIMLA;
The 18th September, 1903. }

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

Proceedings of the Council of the Governor General of India assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at the Viceregal Lodge, Simla, on Friday, the 23rd October, 1903.

P R E S E N T :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Sir C. L. Tupper, K.C.I.E., C.S.I.

INDIAN FOREIGN MARRIAGE BILL.

The Hon'ble MR. ARUNDEL moved that the Bill to give effect to the Foreign Marriages Order in Council, 1903, be taken into consideration.

The motion was put and agreed to.

The Hon'ble MR. ARUNDEL moved that in clause 2, sub-clause (2), of the Bill, the following words be substituted for the words "and description" in head (a):

"surname, age and profession or condition".

He said :—"The only suggestion that has been received in response to the publication of the Bill and the reference to Local Governments is from the Government of Bombay that in clause 2, sub-clause (2), the words 'and description' should be amplified. This has been accepted, and in lieu of the words I have quoted it is proposed to substitute the words 'surname, age and profession or condition.' The amendment is of a purely verbal and formal character."

The motion was put and agreed to.

The Hon'ble MR. ARUNDEL moved that the Bill, as amended, be passed.

The motion was put and agreed to.

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ANCIENT MONUMENTS PRESERVATION BILL.

The Hon'ble SIR DENZIL IBBETSON moved for leave to introduce a Bill to provide for the preservation of Ancient Monuments and of objects of archæological, historical or artistic interest. He said:—"My Lord, during the past three-quarters of a century, Archæology, which has been defined as the study of the material remains of the human past, has received an enormous impetus, if indeed it may not be said to have sprung into existence in Europe. The æsthetic value of works of ancient art has always been recognised, though never studied with such intelligent care as now-a-days. But the civilised world has only lately learnt that what has come down to us from the past has a value and a lesson for us independent of its beauty, and that there is hardly any object of antiquity which may not teach us something about the people who made and used it.

"In pursuance of this belief, almost every nation with any pretensions to civilisation has recently taken measures to conserve its ancient buildings and to protect from dissipation, loss or injury the archæological material contained within its territories, and has founded or enlarged museums in which objects of archæological interest are collected and displayed for the information of the intelligent and for the study of the learned. Moreover, the buried relics of the past are being systematically explored under the guidance and supervision of the most competent scholars; and within the last thirty years excavation has become a science, and has added enormously to our knowledge of the history of the human race. In furtherance of the objects which I have indicated, legislation has everywhere been found necessary. At the present moment there is hardly a country in Europe which has not made legal provision for the protection of objects of artistic, historical or archæological interest, even Turkey and Crete having followed the example of their neighbours. The laws are in all cases based upon the recognition of the principle that the nation possesses an interest in such objects, even although they may be the property of private persons. They are, as might be expected, most stringent in Greece and Italy, as being the two countries which have most to protect. In Greece the law goes so far as to declare that 'antiquities possessed by private persons, either in their collections or situated on their property, are considered as national property'; and if an ancient building is in danger owing to the neglect of the owner, the Government will step in and repair it, in which case the building becomes the property of the public. In Italy the owner of an old picture cannot sell it without the permission of Government, even though it may have been in the possession of his family ever since it was painted, and no antique or artistic object can be taken out of the country without

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obtaining leave. In both countries the Government has powers of compulsory acquisition, and excavation is strictly regulated by law, the State having the first claim to what is found.

“My Lord, India is surpassed by few countries in the beauty, the importance, and the interest of her ancient monuments, or in the wealth of archæological material which she possesses. There are very many buildings in this country of which the whole Indian people may be justly proud; there are some which the world could ill afford to spare. As at any rate one of the cradles of the Aryan race, India's early history possesses an absorbing interest for European as well as for Indian scholars, while the fact that the genius of her people has never turned in the direction of history, renders us peculiarly dependent upon survivals from the past for information regarding events previous to the Mahomedan invasion. Yet India alone, or almost alone, among civilised countries, has made no legislative provision for the protection of her priceless treasures. The principle upon which such legislation must rest is indeed not unknown to the Indian Statutes, since section 23 of Act XX of 1863 expressly recognises the right of Government to ‘prevent injury to and preserve buildings remarkable for their antiquity, or for their historical or architectural value.’ But no effective provision has yet been made for the performance of this duty.

“The reason certainly is not because our antiquities stand in no need of protection. The history of India has not been of a nature to promote the conservation of her ancient monuments, or to foster a regard for them in the minds of her people; and every traveller must have been struck with the frequent sight of buildings of the greatest beauty, or interest, or both, crumbling to decay, simply because nobody is interested in their preservation. Irreparable injury has in many cases already been done by such neglect. Nor is the injury always merely passive. In 1899 some foreigners visited one of the ancient capitals of Burma, and not content with removing detached objects of interest, chiselled from the walls unique tiles and frescoes illustrative of events in the life of Buddha, many of which they destroyed in the process, but some of which they succeeded in carrying to Europe. This was no doubt an exceptional instance of barefaced and dishonest vandalism; but wanton or ignorant disfigurement of ancient monuments is by no means uncommon.

“Again, when in 1895 our troops marched through the Swat Valley, which lies beyond our border, sculptures and inscriptions of the greatest archæological interest and value were discovered in considerable numbers. Some of them were removed by those who might have known better; and as soon as it became

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apparent that a value was attached to them, enterprising Punjabis made a business of importing and offering them for sale on a very extensive scale, while some years later, a considerable collection of sculptures from Swat and Yusufzai was exhibited in one of the capitals of Europe. This, again, is only an aggravated instance of a process which has been steadily going on, on a smaller scale, for very many years past. It is common for the land surrounding an ancient building in India, to be strewn with figures, carvings, and inscriptions which have once formed portions of the building or its appanages; and similar objects are often discovered on ancient sites. Such fragments, if collected and preserved in the immediate vicinity of the building or site to which they appertain, or, if that is impossible, removed to a museum with full information as to the place from which they came and the position in which they were found, may shed invaluable light upon the history of the site or building and of the people by whom it was inhabited or erected. Yet there is no one of us but has seen such objects in the hands of private individuals, where, in the absence of all definite information concerning them, they degenerate into mere curiosities; while many of them are taken out of the country or even disappear altogether.

“So again, the buried sites of deserted towns and buildings are common all over India; and there can be little doubt that systematic excavation under competent guidance would cast a flood of light upon the ancient history of the country, as it has done in Europe; and indeed results of value have already been obtained in this country when such operations have been undertaken with knowledge. But at present these sites lie at the mercy of the villager, who digs in them for bricks with which to build his houses, or for soil impregnated with nitre to spread upon his fields; or, even worse, of the enthusiastic but ignorant amateur, who destroys in his well-meaning but misguided efforts, evidence which, in competent hands, might have been of the utmost archæological value.

“It is in order to supply the deficiency in our Statute Book which I have indicated, and to prevent a repetition of occurrences such as I have described, that the Bill which I am about to ask leave to introduce has been drafted. As long ago as 1898 proposals for legislation were made to Lord Elgin’s Government, and the Secretary of State was asked to supply us with information as to the law on the subject in European countries; but it was not till 1900, when Your Lordship took the matter up, that any real progress was made. Such legislation as is proposed is especially appropriate, and especially desirable, now that, at Your Lordship’s personal initiative, so much more has been done than ever was done before to conserve and restore the precious monuments of Indian history and

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architecture. Within the past few years systematic attention has been paid to the condition of the more important of those buildings which link the present with the past; and in the Imperial and Provincial Budgets of the current year, no less than Rs. 4,68,000 are provided for the conservation of Ancient Monuments.

“ Some further information was procured from Europe, and at the end of 1901 our first draft of the Bill was referred to Local Governments for opinion. There was a good deal of criticism on points of detail, but the general principles found universal acceptance, while the Bengal Government sent us a draft of a Bill which it had been preparing independently with the same object, from which we have borrowed several valuable suggestions.

“ The details of the present Bill are so fully discussed in the Statement of Objects and Reasons that I need not notice them at any length. The Bill is divided into four distinct Parts :—The first Part deals with Ancient Monuments : a term which includes, not all ancient buildings, but only those which possess a historical, archæological or artistic interest. But, as a matter of fact, its provisions relate, not to all ancient monuments, but only to such of them as Government declares to be Protected Monuments; that is to say, monuments the importance of which is such that their preservation is a public interest. This Part of the Bill is framed upon the model of the English Act, which is said to be working well, and to have prevented a great deal of mischief. The idea upon which it rests is to depend in the main upon the voluntary action of the owner. It is hoped that the owner of a building such as we are considering will not unfrequently be willing to make it over to the guardianship of a high official, on condition that it is managed as a public trust, that it is maintained at the cost of Government, that it is not used for any purpose inconsistent with its character or object, and that the public shall have free access to it. When the owner is not prepared to go so far, it is hoped that Government will often be able to come to an understanding with him as to the conservation of the monument on terms which are fair to both parties.

“ When neither of these courses is possible, the Bill provides two methods whereby the building may be preserved from destruction. If an endowment exists for the purpose of its maintenance, the Collector may invoke the aid of the Civil Court to enforce its application to that purpose. And in the last resort, when all other means have failed, when the owner has refused to enter into an agreement, and when, but not until, it appears that the intervention of Government is necessary in order to the preservation of a Protected Monument, the Government may acquire the monument under the Land Acquisition Act, subject, however, to

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the important exception that no monument of which any part is periodically used for religious observances can be so acquired. The Part further confers upon Government the right of pre-emption whenever a Protected Monument is being sold otherwise than within the family of the owner, or within any religious association to which he may belong. Finally, provision is made for the enforcement of agreements under this Part of the Act, and a penalty is provided for damaging or defacing a Protected Monument.

“The second Part of the Bill deals with antiquities of a moveable nature, and is intended to provide for the case of sculptures, carvings, inscriptions and the like, to which I have already alluded. It empowers the Governor General in Council, whenever he has reason to believe that antiquities are being sold or removed to the detriment of India or of any neighbouring country, to prohibit or restrict the importation into or exportation out of any part of British India of any specified class of antiquities. It is not proposed to follow the example of Italy, and to attempt to prevent the removal from India of all antique or artistic objects; for it is recognised that in the case of large classes of such objects, while their value to the country is great and their removal from it to be deplored, it would be impossible to enforce a prohibition, while an attempt to do so would involve inquisitorial measures which the circumstances of the case would fail to justify. The definition of antiquities, therefore, makes no mention of artistic value, but is confined to objects which, by reason of their historical or archæological interest, Government deems it proper to protect. Even this definition will cover certain objects of the sort to which I have just alluded, and with which it is not ordinarily intended to interfere. The main object of the provision is to enable us to deal with the case of archæological remains.

“The third Part of the Bill also deals with these remains, whether moveable or immoveable, and is designed to prevent their removal from the vicinity of the site or building to which they belong, and upon their connection with which their value to the student depends, and to protect them from injury or decay. The Government may prohibit the removal of any such objects, on condition of being compelled to purchase them, if moveable, at the option of the owner, and of compensating him for any loss that may result from the prohibition in the case of an immoveable object. A power of compulsory purchase is also vested in Government when it appears that any object notified under the Part is in danger of injury or destruction; subject, however, to the important exception that the power shall not extend to anything used for

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the purpose of religious observance, or to any object which is rendered valuable to the owner by family associations.

“ The fourth Part of the Bill deals with excavation, which it empowers Government to restrict or regulate within any local area, subject to payment of compensation for any resulting loss. The necessity for such powers I have already explained.

“ Such, my Lord, are the provisions of the Bill which I propose to lay before the Council. That some such powers are desirable in the public interest, I think few will be found to deny. They necessarily involve a certain degree of interference with private property. But the man who is fortunate enough to be the owner of a monument of national importance owes a duty to the public; and we have endeavoured to confine the powers of interference which we propose to confer upon Government to cases in which they can be justified upon public grounds, to restrict their exercise where religious feeling or family associations are involved, and to limit them to what is essential in order to secure the public end in view.”

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON introduced the Bill.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

LOCAL AUTHORITIES LOAN BILL.

The Hon'ble SIR EDWARD LAW moved for leave to introduce a Bill to make further provision regarding the borrowing powers of certain local authorities. He said :—“ The object of this Bill is to provide for the borrowing of money by certain local authorities, with the previous sanction of the Government of India, by means of the issue of short-term bills, and also to enable the same authorities to borrow money in any manner authorized by law, for the purpose of discharging loans previously contracted.”

The motion was put and agreed to.

The Hon'ble SIR EDWARD LAW introduced the Bill.

The Hon'ble SIR EDWARD LAW moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

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CO-OPERATIVE CREDIT SOCIETIES BILL.

The Hon'ble SIR DENZIL IBBETSON moved for leave to introduce a Bill to provide for the constitution and control of co-operative credit societies. He said : —“ My Lord, one of the most difficult problems with which the small agriculturist is everywhere confronted is, to obtain the money which is necessary for his operations at a reasonable rate of interest. This is a state of affairs by no means peculiar to India. The petty agriculture of Europe is for the most part financed by borrowed capital, and there too the money-lender takes advantage of the exigencies of the cultivator to demand exorbitant terms. In India, however, the problem is aggravated by the fact that Indian rates of interest are to some extent survivals from times when the security which the agriculturist had to offer was of far smaller value than at present, and partly perhaps by the fact that into most Indian contracts there enters an element of oriental hyperbole, for which full allowance is made when the settlement is by mutual consent, but which our Courts of Justice are for the most part unable to recognise.

“ Some fifty years ago, the establishment of agricultural banks and of co-operative credit societies for small men was initiated in Germany by Schulze Delitzsch and Raffeisen respectively. The experiment passed through twenty years of struggle and uncertainty ; but eventually it succeeded beyond all expectation, the institutions of both classes now exceeding 5,000 in number ; and the example thus set has been imitated, with more or less modification, in many European countries where land is commonly in the hands of men of small means.

“ Madras was the Indian province in which attention was first turned to the subject. In that province an indigenous institution called a Nidhi had sprung into existence at about the same time as the movement to which I have just referred began. These Nidhis are modelled very much upon the lines of English building societies, and they find their clients among a more educated and advanced class than that of the rural agriculturist, to whose needs their constitution is not well adapted. But the fact that, notwithstanding numerous failures, and much discredit attendant upon a period of speculation, they have attained a very considerable degree of success, since at present they include some 36,000 members with a paid up capital of 75 lakhs, is encouraging as suggesting the possibility of establishing true co-operative credit societies among an Indian people.

“ It was the Madras Government, then, who, towards the end of 1899, forwarded for the consideration of the Government of India a report upon the subject which had been prepared under their orders by Mr. (now Sir Frederick) Nicholson, and

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which is a monument of research and a perfect storehouse of information ; while about the same time Mr. Dupernex, a civilian in the United Provinces, published a book upon 'Peoples' Banks for Northern India.'

"The Government of India fully realised the doubts and difficulties which must attend any attempt to introduce the Raffeisen system into rural India. But they also recognised the enormous advantage which would result to the Indian cultivators if by any means they could be induced to utilise their combined savings under a system of co-operative credit, and so be freed, even partially, from the necessity of recourse to the professional money-lender. They therefore referred the subject in its most general form to Local Governments for preliminary consideration and suggestions.

"After some intermediate discussion, the opinions of Local Governments were considered in June 1901 by a strong Committee under the presidency of my Hon'ble colleague Sir Edward Law ; and it was in the report of this committee, to which were attached a draft Bill, and draft model schemes of management for co-operative credit societies with limited and unlimited liability respectively, that proposals for action first took a form sufficiently definite to allow of detailed discussion. These proposals were referred to Local Governments for criticism, and it is upon a consideration of the replies which have been received to this reference that the Government of India now propose to take action.

"While the subject had thus been under discussion, a certain amount of experience had been gained from experiments which had been made with varying success in several provinces of Northern India. In some cases failure had ensued, or was only averted by official support ; but in a few instances genuine success had been achieved, and real co-operation for the purpose of utilising the combined credit had been arrived at among a cultivating community.

"One thing, however, soon became apparent—that no real advance was possible without legislation. The Companies Act at present in force (Act VI of 1882) contains 256 sections, and its elaborate provisions, however necessary in the case of combinations of capital on a large scale, are wholly unsuited to societies of the kind which we desire to encourage. The first thing to be done, therefore, was to take such societies out of the operation of the general law on the subject, and to substitute provisions specially adapted to their constitution and objects. In the second place, it was desirable to confer upon them special privileges and facilities, in order to encourage their formation and assist their operations. And, thirdly, since they were to enjoy exemption from the general law and facilities

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of a very special nature, it was very necessary to take such precautions as might be needed in order to prevent speculators and capitalists from availing themselves, under colourable pretexts, of privileges which were not intended for them. These three ends were the objects which we kept in view in framing the legislation that I am about to propose.

“When we came to consider the details of our Bill, we found that we had before us an extraordinary diversity of opinion, which extended in many cases to matters of principle, and which reflected, not only the individual convictions and experiences of the authorities consulted, but also the infinite variety that characterises the conditions with which we have to deal and the material with which we have to work. But such diversity of opinion was only to be expected. The fact is that the whole business is of the nature of an experiment, upon which we are entering with very scanty knowledge and very little local experience, and in which we shall have to feel our way cautiously, and to gain our experience as we advance. We have, it is true, European results to guide us, and European models to imitate. But it by no means follows that what succeeds in Europe will succeed also in India. Nor indeed is it probable that what is best suited to one part of this great country will always be best suited to another. The conditions and the character and habits of the people vary infinitely; and we shall probably find that the institutions which we desire to promote will take widely differing forms among such widely different classes as, for instance, the yeomen of the Punjab, the raiyats of Southern India, and the tenants of Bengal. If an institution of this sort, which depends upon the people themselves combining for their mutual advantage, is to succeed, it must be as far as possible an indigenous and a natural growth. An exotic type may be forced by artificial stimulus to flourish for a while, but we can never expect it to take vigorous root, or to continue to flourish when that stimulus is withdrawn. Certain broad principles must be laid down, and certain precautions must be insisted upon; but within those principles and subject to those precautions, the people must in the main be left to work out their own salvation on their own lines, the function of Government being confined to hearty sympathy, assistance and advice.

“Guided by these considerations, we have kept two cardinal objects in view in framing the present Bill. The first is simplicity. Some of the schemes which were laid before us were far too elaborate for the comprehension of the classes for whom they were intended, but who certainly could never have complied with their provisions. Simplicity is the first essential for success. The second is elasticity.

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Our aim has been to lay down merely the general outlines, and to leave the details to be filled in gradually, on lines which the experience of failure or success and the natural development of the institutions may indicate as best suited to each part of the country. So far, therefore, as it deals with the constitution of the societies, we have confined the provisions of our Bill to those general principles which we consider that all co-operative credit societies should accept as the condition of being permitted to enjoy the advantages afforded by our special¹ legislation. There are other matters in respect of which some guidance and some restriction will be necessary; but we have left them to be dealt with by Local Governments in accordance with local needs, in the exercise of the rule-making power which the Bill confers upon them. If the Bill passes into law, we shall impress upon those Governments that simplicity and elasticity are as essential in the rules framed under the law as they are in the law itself, and that especially in the first instance, and until further experience has been gained, the regulative interference of Government should be limited strictly to essentials, so as to leave spontaneous growth unhampered. Experiment is as necessary within the province as it is within the Empire.

“ Before turning to the actual provisions of the Bill, it will be well to define as exactly as possible the precise nature of the institutions which we desire to create, and that we shall best do by defining the precise object with which we desire to create them. That object may perhaps be defined as the encouragement of individual thrift, and of mutual co-operation among the members, with a view to the utilisation of their combined credit, by the aid of their intimate knowledge of one another's needs and capacities, and of the pressure of local public opinion.

“ The main object of our endeavours is to assist agricultural credit, which presents a far more important and more difficult problem than does industrial credit. But we recognise that artisans, employes on small pay, and other persons of small means residing in towns, may very properly be admitted to the benefits of our legislation. We therefore provide for two classes of societies—rural, which are composed of agriculturists (a term which is not intended to include the wealthy rent-receiver), and urban, which consist of artisans or other persons of limited means. The members of a rural society may live in a town: so also the members of an urban society may live in a village, but it must be one single village—a condition which will exclude in practice all villages that are not sufficiently large to possess an urban character. In the case of both classes we provide that the members must be small men, for we are not legislating for capitalists; that they must be residents of the same neighbourhood, else

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the knowledge of one another which is to guide them in their operations will be wanting; that new members shall be admitted by election only, thus securing that mutual confidence which is the only possible foundation of co-operation; that a man must be a member before he can borrow from the society, and must in that capacity have contributed to the funds of the society, since our basis is mutual co-operation; that money shall not be lent on mortgage, so that the capital may be liquid, and capable of ready realisation; that the interest in a society which may be held by a single member is to be limited, in order to prevent an individual from obtaining control; and that shares can be transferred subject only to certain restrictions which are intended to prevent speculation. We provide for a simple form of registration; for compulsory dissolution, subject to appeal to the Local Government, in order to meet the case of fraud, or of bogus co-operative societies which may have obtained the benefits of the Act while not pursuing its objects; and for liquidation under a simple procedure, and subject to appeal to the Civil Courts.

“In the case of rural societies we further insist upon unlimited liability, as best suited to the agricultural classes to whom they are confined, and most consonant with the mutual confidence which is to form their basis; we lay down that no profit is to be directly divided among the members, since their object is not to make money but to assist one another, and any surplus that may accrue should either be carried to a reserve fund, or be applied to reducing the rate of interest upon loans; and we forbid the society to borrow money without sanction, for it would often be worth the while of a money-lender to risk his money in order to get a successful society into his power, and so to rid himself of a rival. We prohibit pawnbroking, since the basis of the operations should be personal and not material security; but we allow agricultural produce to be received as security or in payment, and to be converted into money at any time by the society, which will generally be in a position to get a better price for it than an indebted cultivator could obtain.

“In the case of urban societies we allow of limited liability and the distribution of profits, subject to the creation of a sufficient reserve fund, and we allow them to lend money to a rural society which is situated in the same district, and with the circumstances of which they have therefore the opportunity of being acquainted.

“Having thus provided for the constitution of our societies, and regulated their operations, we proceed to confer upon them certain privileges. We exempt the shares or other interests of members in the capital of a society from attachment for

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their private debts, thus encouraging thrift, and giving stability to the operations of the society ; we relieve societies from the necessity for letters of administration or a succession certificate ; we give them a lien upon certain forms of property when created or acquired by means of a loan from them, until the loan is repaid ; and we make an entry in the books of a society *prima facie* evidence in a suit to recover money due to it. We take powers for the Governor General in Council to exempt societies and their operations from income-tax, stamp-duties, and registration-fees ; and it is our intention to act upon those powers, at any rate in the first instance.

“ Finally, we provide for compulsory inspection and audit by a Government officer, in order to provide against mismanagement and fraud, to give the members and the public confidence in the societies, and to justify the privileges which we confer upon them ; we make Government advances recoverable as arrears of land-revenue ; we confer a wide rule-making power upon Local Governments while indicating certain heads under which it will probably be advisable to exercise it ; and we declare that the provisions of the Indian Companies Act shall not apply to societies registered under the new law.

“ There are four points of some importance as to which the Bill is silent, but which have been much discussed, and with great diversity of opinion ; and I may perhaps briefly indicate why our proposals include no provisions regarding them. The first is, the objects with which these societies may make loans to their members. It has been strongly urged that no loans should be permitted except for productive expenditure, and especially that they should not be granted for such purpose as marriages and the like. We recognise that there is much to be said both for and against the proposal ; but we have finally decided to reject it, mainly on the ground that whatever restrictions might be imposed by law, it would be impossible to enforce them, while their mere existence would encourage evasion and deceit. Moreover, we are not without hope that the fact that a society refuses to lend more than Rs. 50 to a member for a marriage, as being as much as he can hope to repay, may not unfrequently lead to his limiting his expenditure to Rs. 50 instead of going to the money-lender for Rs. 100.

“ In the second place, it has been suggested that a summary procedure for the recovery of debt should be placed at the disposal of these societies. It is true that the recovery of debt by civil suit is a tedious process, and that a society of the sort we are considering is perhaps the least fitted of all agencies to conduct such a suit. But it is a serious matter to place our executive

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machinery at the disposal of a private creditor. And, above all, such artificial assistance would discourage the exercise of that vigilance and caution upon which these societies should depend for their security. With the local knowledge which will be at their command, they should, if they conduct their affairs prudently, hardly ever need to have recourse to a Court. Their strength should lie in that knowledge, and not in any special process of recovery. In the rule-making section we have authorised Local Governments to provide for the settlement of disputes by arbitration if a society so wishes; and we do not propose to go further.

"In the third place, we have been urged to prohibit compound interest. We have had no hesitation in rejecting this suggestion. Compound interest is a devilish engine in the hands of a creditor whose whole object is to involve his debtor in his meshes. But fairly used, it is just enough; and prompt recovery of debt is essential to the working of these societies. There is a danger that they may be too slack in dealing with their friends and neighbours, and compound interest will provide a useful stimulus to the debt or.

"In the fourth place, we have been asked, with the object of giving special encouragement to thrift, to extend to mere deposits made by members with their societies, the same exemption from attachment for debt for which we have provided in the case of contributions that have merged in the capital funds of the society; and the precedent of Provident Funds has been quoted in support of the proposal. We do not admit the analogy. Provident Funds are protected, not for the benefit of the subscriber, but because they form a provision for the widow and the orphan; and we do not think that thrift should be encouraged wholesale at the expense of the legitimate creditor. The exemption for which we have provided is confined within definite limits, and we do not propose to extend it.

"Such, my Lord, are the outlines of the legislation which I am about to propose to Council. But legislation is useful only as the basis of subsequent action; and the subject is of such great and general interest and importance that I think I shall be justified in asking the Council to bear with me a little longer, while I briefly sketch in outline the action which we propose to take if our Bill becomes law. I have said that the whole matter is an experiment, and that we shall have to gain our experience as we go. Under these circumstances it is essential to proceed gradually and with the greatest caution. We cannot hope to escape failures, which will involve loss to individuals; and many failures would set back the cause which we have at heart, while a few successful societies

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will speedily find spontaneous imitators. If by a stroke of the pen I could cover the country tomorrow with a network of these societies, I should decline to do so until we know more about the forms which will best suit the conditions with which we have to deal. And that knowledge only experience can teach us.

“On the other hand, it is abundantly clear that no real advance will be made without the active encouragement and assistance of Government. We propose therefore to ask Local Governments to select a few places in each province in which to try the initial experiments. They should present some variety of conditions, so as to afford a wide experience; and an important element in the choice will be the personal character of the District Officer, and the degree in which he possesses the confidence of and exercises influence over the people. I shall explain presently how we propose to relieve the District Officer when the societies have once been formed. But it is he who must give the first impulse; he must explain the new law and preach the new gospel; he must select the places in which the experiment is most likely to succeed, and must suggest to the people that they should try it, putting it to them as action to be taken, not by Government but by themselves, while explaining how far and in what way Government is ready to help them.

“Indeed, the active assistance and support of the District Officer will be necessary in every case, until the new plant has taken firm root and is strong enough to stand alone, and the officer who is in immediate charge must work in constant consultation with him. But we do not propose to burden him with the detailed care of the societies. Hon'ble Members will observe that the Bill provides for the appointment in each province of a Registrar, to whom somewhat extensive powers have been given in order to secure that our legislation is not taken advantage of by bogus societies. We propose that he should be a whole-time officer specially selected for the work, and that to him should be entrusted the care and supervision of all the societies in the province. The advantage of concentrating this duty in a single pair of hands will be, that the experience of all the societies will be placed at the disposal of each, since by watching developments under various conditions the Registrar will gain experience which will render him an invaluable adviser; he will know what has succeeded in one place or failed in another, and will be in a position to point out defects and suggest remedies, and to prevent the repetition of mistakes. For the first few years at least he will constantly be going round, visiting the societies and watching their progress, criticising and assisting them, but as a friendly adviser rather than as an inspecting officer. As experience is accumulated and the societies

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gain strength and are able to stand alone, and as their numbers multiply, the 'dry-nurse' element will disappear from his duties, which will become more purely official.

"I have only one more point to touch upon. The first question that will be asked—that has indeed been asked already—is, what is Government going to do for these societies in the way of financial assistance? I have already said that we propose to exempt for the present their profits and operations from income-tax, stamp-duties, and registration-fees. We shall also authorise them to open public accounts in the Post Office Savings Banks; and these measures will apply equally to urban and to rural societies. In the case of urban societies we propose to go no further.

"As to whether Government should contribute to the capital of rural societies the most opposite and extreme views have been urged upon us. It has been suggested that we should finance them entirely; but such a procedure would be destructive of that thrift and co-operation and mutual self-help which it is our object to encourage. It has been proposed that the distribution of Government takavi advances should be entrusted to these societies; and I think it quite possible that some day we may be able to make use of those among them which have taken root and flourished, and which stand on a strong and independent basis of their own, as valuable agencies for the purpose. But they must learn to swim before they are thrown into deep water; to take care of their own money before they are trusted with much of ours; and to allow them to regard themselves as mere agencies for the distribution and recovery of Government advances would wholly defeat the object of their creation.

"From the opposite point of view it has been argued that any financial assistance whatever from Government must obscure the co-operative principle, and weaken the spirit of self-dependence which we desire to foster; and it has been urged that Government should confine itself to sympathy and encouragement and moral support. To this it has been replied, and not without reason, that assistance thus restricted would be but cold comfort. We fully recognise the danger which is pointed out; and we propose so to limit our assistance as to minimise that danger as far as possible, by laying down that it must be preceded by and must depend in its amount upon a genuine subscription by the people themselves. But, subject to these conditions, we are prepared to give financial assistance at the start. We believe that such assistance will have a value beyond its mere use as capital on easy terms, since it will be an earnest of the reality of the interest which Government takes in the matter, while the terms to which it will be subject will stimulate the thrift and self-help that are to be a condition

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precedent. We do not contemplate that our aid will always be needed. Both in the matter of detailed guidance and of the provision of funds, we shall not feel that we have succeeded unless we eventually find ourselves able to withdraw; for, as has been well said, 'co-operation must be built up from the bottom, and not from the top.' But, for the present, we shall be prepared to advance money to rural societies in even fifties of rupees, subject to the condition that the total advance outstanding shall at no time exceed the total amount subscribed or deposited by the members of the society, or a limit of Rs. 2,000 in the case of any single society. It may be said that the first condition will greatly restrict the advances; but at any rate they will double the resources at the disposal of the society. During the first three years of the life of any society, the advances will be free of interest, and will not be recoverable except in the case of the society being wound up; while after that period they will ordinarily bear interest at 4 per cent., and will be recoverable in annual instalments not exceeding one-tenth of the total amount due. The Registrar will have power to suspend the payment of any instalment of capital on payment of any interest that may be due, and such suspension will simply postpone the payment of the suspended instalment and of all subsequent instalments by one instalment period.

"Such, my Lord, are the outlines of the legislation which we propose, and of the executive action which we intend to base upon it. I must crave pardon of the Council for having trespassed on their patience, and for having travelled somewhat outside the limits of my legislative brief; but the subject is one of such great and general interest that I have thought it well to lay our whole scheme, so far as it has already been matured, before the public. I believe that it would be hard to exaggerate either the importance or the difficulty of the experiment upon which we are about to embark. I feel by no means certain of success. And if we do achieve success, I do not expect to find in it a panacea for all the difficulties of the Indian cultivator. But I am convinced that if we can succeed in inducing him to combine with his fellows to utilise their collective credit for the benefit of each, we shall have done a great deal to lessen those difficulties and to improve his condition. At any rate I hold it to be the bounden duty of Government to give the experiment a fair trial, and to do all that lies in its power to make it successful. But it must be remembered that success or failure lies in other hands than ours. We can do nothing of ourselves. We can offer encouragement, advice, legal facilities, and executive and financial assistance. It is for the people to decide whether they will avail themselves of our offer."

The motion was put and agreed to.

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The Hon'ble SIR DENZIL IBBETSON introduced the Bill.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

The Council adjourned to the 4th November, 1903.

SIMLA;	}	J. M. MACPHERSON,
<i>The 26th October, 1903.</i>		<i>Secretary to the Government of India, Legislative Department.</i>

Proceedings of the Council of the Governor General of India assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at the Viceregal Lodge, Simla, on Wednesday, the 4th November, 1903.

P R E S E N T :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.

The Hon'ble Mr. T. Raleigh, C.S.I.

The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.

The Hon'ble Major-General Sir E. R. Elles, K.C.B.

The Hon'ble Mr. A. T. Arundel, C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Sir C. L. Tupper, K.C.I.E., C.S.I.

INDIAN EXTRADITION BILL.

The Hon'ble MR. RALEIGH moved that the Report of the Select Committee on the Bill to consolidate and amend the law relating to the Extradition and Rendition of Criminals be taken into consideration.

The motion was put and agreed to.

The Hon'ble MR. RALEIGH moved that the Bill, as amended, be passed. He said :—" The changes made in this Bill since its introduction are fully explained in the Report of the Select Committee, and, as no criticism has been received since that Report was laid on the table, I need not offer any further explanations on the present occasion. It is proposed, as Hon'ble Members will observe, to apply for an Order of His Majesty in Council to be issued under section 18 of the Extradition Act, 1870, declaring that Chapter II of the Bill shall have effect as if it were part of the Imperial Act, and for a like Order to be issued under section 32 of the Fugitive Offenders Act, 1881, declaring that Chapter IV shall take effect as if it were part of that Act. When these Orders are issued, it is proposed to bring our Act into force, in exercise of the power reserved by clause 1 (3) of the Bill now before Council."

The motion was put and agreed to.

CENTRAL PROVINCES MUNICIPALITIES; INDIAN UNIVERSITIES.

[*Sir Denzil Ibbetson ; Mr. Raleigh.*] [4TH NOVEMBER, 1903.]

CENTRAL PROVINCES MUNICIPAL BILL.

The Hon'ble SIR DENZIL IBBETSON moved that the Report of the Select Committee on the Bill to make better provision for the organization and administration of municipalities in the Central Provinces be taken into consideration. He said that no criticisms had been received upon the Bill as revised by the Committee.

The motion was put and agreed to.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill, as amended, be passed.

The motion was put and agreed to.

INDIAN UNIVERSITIES BILL.

The Hon'ble MR. RALEIGH moved for leave to introduce a Bill to amend the law relating to the Universities of British India. He said :—"My Lord, the question is sometimes raised, whether English education has been a blessing or a curse to the people of India. In point of fact it has been both, but much more, I believe, a blessing than a curse. We note every day the disturbing effects of a new culture, imposed upon learners who are not always prepared to receive it; but still, it is a great achievement to have opened the mind of the East to the discoveries of Western science, and the spirit of English law. To the Schools and Colleges under our administration we owe some of the best of our fellow-workers—able Judges, useful officials, and teachers who pass on to others the benefit which they have received. To them also we owe the discontented B.A., who has carried away from his College a scant modicum of learning and an entirely exaggerated estimate of his own capacities—and the great army of failed candidates, who beset all the avenues to subordinate employment. Can we do anything to increase the gain, and to diminish the drawback? In other words, can we do anything to improve the methods of teaching and examination which produce these mixed results?

"This is the problem at which the Government of India have been steadily working during the past five years. After a careful preliminary survey of the ground, it was decided to summon a small Conference composed of men specially qualified to assist Government with their advice. The Conference met at Simla

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in September 1901, and University Education was the first subject to be taken up. It was not to be expected that a body of gentlemen, drawn from different Provinces, trained in different systems, would agree about everything. But on two points the Conference was unanimous. In the first place, it was agreed that the defects of our University system are so serious as to call for the application of wisely considered remedies. And in the second place, it was agreed that the University Senates, as at present constituted, are not well fitted to devise or to carry out the measures which are urgently required in the interest of our students. It appeared that in all Provinces, among all highly educated sections of the community, and especially among College teachers, there was a strong body of opinion in favour of re-construction and reform.

“The results of the Conference were so definite and so convincing that Government might have proceeded to act upon the advice given; but it was felt that our College teachers, scattered as they are over the whole extent of India, ought first to be consulted. For this purpose a Commission was appointed by Your Lordship in Council, in concurrence with the Secretary of State for India, ‘to inquire into the condition and prospects of the Universities established in British India; to consider and report upon any proposals which have been or may be made for improving their constitution and working, and to recommend to the Governor General in Council such measures as may tend to elevate the standard of University teaching, and to promote the advancement of learning.’ Of the seven gentlemen to whom this Commission was entrusted, I think five either had been or actually were engaged in the work of University teaching in this country. In the limited time at their disposal, the Commissioners conferred with 156 witnesses, and visited more than fifty Colleges; and they submitted a Report which embodied, in clear and concise terms, their answer to the questions brought before them by the witnesses whom they examined. To correct a prevailing misapprehension, I may say that the Report was accepted by all the Commissioners. My hon’ble and learned colleague, Mr. Justice Banerjee, whose co-operation I shall always remember with gratitude and pleasure, signed the Report, subject to a note of dissent on certain specified points.

“The recommendations of the Commission were received by a portion of the Press with a sustained chorus of disapproval. It was very commonly assumed that every recommendation, small or great, which concerned the Colleges, would at once be enforced by law; that the weaker Colleges would succumb, and that a monopoly would thus be secured for institutions supported by Government. Some, again, were of opinion that Your Excellency had determined to destroy or greatly to restrict the higher education, and that the Commissioners (admirably

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chosen for the purpose) were only the instruments of this tyrannical design. Now that the excitement has died down, I do not wish to dwell on the incidents of that period of agitation, but I should like to say that no published criticism or protest was left unregarded by Government. A wise Government will always listen to expressions of opinion; if they serve no other purpose, they indicate the difficulties to be overcome.

"After allowing time for public discussion, the Government of India issued a letter, accepting the principles of the Report, modifying some of the Commissioners' proposals, and inviting the Local Governments and the Universities to record their opinions on the scheme. The Local Governments, while differing in points of detail, agreed with the Government of India in thinking that the time had come to make a new departure, and that it was expedient to alter and practically to re-constitute the governing authorities of the Universities. The Universities, through their Senates or Syndicates, gave their opinions on many of the points of the Report, and it was made evident that the Senates of the three older Universities were strongly opposed to anything in the nature of constitutional change. No corporate body cares to admit that its constitution needs improvement. If Parliament had waited for the consent of the University of Oxford, the Statutes of Archbishop Laud might still be considered sufficient for all practical purposes; Professors might still be performing their duties as in the undergraduate days of Adam Smith; and College tutors might be following in the steps of the gentlemen on whom Gibbon conferred an unenviable immortality by describing them in his Autobiography.

"The next stage of our deliberations was perhaps the most difficult of all. Out of a mass of varying and often conflicting opinions, the Government of India had to choose the materials for a measure, not revolutionary but reconstructive, such as they could recommend for the acceptance of all those who are interested in raising the standard of University education. Your Lordship gave the necessary impulse and direction; our proposals have taken a practical shape, and I now move for leave to introduce a Bill to amend the law relating to the Universities of British India.

"In the historical summary prefixed to their Report, the Commissioners have shown that one direct result of British rule has been the establishment of Colleges, in which successive generations of Indian students have been trained for the learned professions, and for the higher branches of the public service. These institutions owe their origin to the influence of Government, to the zeal of those Indian leaders of thought, of whom the Raja Ram Mohan Roy may be taken as the type, and to

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the efforts of Christian missionaries. Their success and popularity led naturally to the demand for examining Universities, empowered to confer degrees ; this demand was conceded in the Education Despatch of 1854 and in the legislation of 1857, establishing Universities at Calcutta, Madras, and Bombay. Looking to the language of the Despatch, it is plain that the Universities were not intended to be examining boards and nothing more ; but in framing their legal powers it was thought sufficient to make provision for their functions as degree-giving bodies. These provisions have sometimes been narrowly, perhaps too narrowly, construed : within my own experience it has been suggested that the University of Calcutta has no power to hold and manage endowments of an educational character. To remove all such doubts, we propose in clause 3 of the Bill to define the powers of all five Universities in wide and general terms.

“ In the course of their inquiry the Commissioners found that almost all College teachers are in favour of enabling the Universities to provide teaching for advanced students ; but the schemes submitted were, for the most part, rather vague, and some of them involved an expenditure which Government is not in a position to face. The problem must be worked out gradually, with due regard to the interests and the sentiments of the Colleges concerned. The difficulty of the case is this, that University teaching implies a certain measure of centralisation. The colleges, which are scattered over the area of a Province, or it may be of several Provinces, will not at once appreciate the advantages of any scheme which invites them to send students to headquarters for instruction. For this reason the Commissioners dismiss the idea of concentrating advanced study in the chief Government College of each University. A local Professor who has carried his students through the preliminary stage of their studies is naturally unwilling to part with them just when they are acquiring the power to work independently, under his general supervision. His objection will be all the stronger if the men whom he sends to headquarters are to become students of another College, for this would involve the admission that the central College is on a higher academic plane than his own. But if it is found possible to form classes for advanced study under the control of the University, and if the students in these classes retain their connexion with the Colleges to which they belong, we may hope in time to establish a system of co-operation between the local and central institutions of the University which will conduce to the benefit of both. We have before us proposals for the formation of a central School of Science in more than one of the Universities, and, though we cannot speak with certainty as yet, we hope shortly to be able to say that the Universities are beginning to make better provision for advanced study in more than one branch of science and

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learning. Indian benefactors have already come forward with offers of assistance ; and if there be among us any merchant or landholder, conscious of the benefits which he owes to the *pax Britannica*, and willing to devote a portion of his wealth to public purposes, I can think of no object more worthy of his generous support.

“ If we invite and enable the Universities to undertake new duties, the question arises, whether any changes in their constitution are necessary or desirable. The constitutions conferred on the three older Universities by the legislation of 1857 were of a simple character : all the legal powers of the University were vested in the Chancellor, Vice-Chancellor and Fellows, who constituted the Senate. In addition to a short list of *ex officio* Fellows, there were to be Fellows appointed by Government for life, and it was provided that the total number should never be less than 30 at Calcutta and Madras, or less than 26 at Bombay.

“ No maximum limit was fixed, and this must be regarded as an unfortunate circumstance ; for the distinction of a Fellowship, carrying no emolument and involving no obligatory duties, was bestowed by Government very freely, and in many cases merely by way of compliment. In recent years, the total number of Fellows has stood as high as 205 at Calcutta, 201 at Madras, and 333 at Bombay. A considerable proportion of the existing Fellows do not take any active part in University business ; they attend in large numbers only when an appointment is to be made, or when a vote is to be taken on some question which has excited interest out of doors.

“ We propose now to reconstitute the Senate so as to make it the working Council and Governing Body of the University, and we propose in the first place to fix a maximum number of 100 (in addition to *ex officio* Fellows) in the three older Universities, and 75 for the Punjab and Allahabad.

“ If this limit is accepted, the Government of India are of opinion that the list of *ex officio* Fellows ought to be revised and to some extent curtailed. It is proper that Government should retain an adequate representation, but we desire to make the Senate an academic body, and it is not advisable to alter its character by too large an admixture of the official element. The Bill therefore provides that the Chief Justice or Chief Judge of the local High Court, the Bishop of the diocese, and the Director of Public Instruction shall always be Fellows, and that the Councils of the Governor General and of the Governors of Bombay and Madras should retain their places ; but we suggest that the Commander-in-Chief and the Military Member of Council may be omitted from the Calcutta list. Power is given to make additions to or alterations in the lists as contained in the

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first Schedule to the Bill, but it is provided that the total number of *ex officio* Fellows shall not exceed ten.

“ The *ex officio* Fellows will of course retain their membership of the Senate for such period as the official fates may determine. Subject to certain transitory provisions of the Bill, the ordinary Fellows will hold office for five years. The wisdom of this proposal has been questioned, on the ground that Fellows appointed for a limited term will have to consider their prospects of re-appointment, and will therefore be less independent than Fellows appointed for life. A similar objection might be urged against the constitution of almost any deliberative assembly in the British Empire. If the Senate is to be a representative body, it seems expedient that its membership should be renewed from time to time, so that any study or interest not adequately represented may be strengthened ; and this end is best secured by providing for a regular rotation. The transition from a system of life Fellowships to one of terminable Fellowships need not be made too sudden : we propose therefore that the Senates, as reconstituted under the Bill, should remain unchanged for three years, and that at the end of that period the rotation should begin, the names of those Fellows who are to retire being chosen, in the first instance, by lot.

“ Under the Acts of 1857, the right to appoint Fellows of the three older Universities was vested in Government : the Acts incorporating the University of the Punjab and the University of Allahabad make provision for election by the Senate. In 1890 Lord Lansdowne invited the Masters of Arts and holders of corresponding degrees in other Faculties of the University of Calcutta to choose from among themselves two gentlemen whom they would recommend for selection : the names of the persons chosen were to be submitted for the approval of the Governor General in Council. This precedent was followed at Bombay and Madras ; election by Graduates has become an established institution, and the privilege conferred is highly valued by those Graduates who exercise it. The privilege depends on executive orders which may at any time be withdrawn ; it is now proposed to place it on a statutory basis. When the Senate includes 100 ordinary Fellows, the Bill provides that ten shall be elected by Graduates. The Graduates qualified to vote are those who have taken the highest degree in any Faculty, and those who have taken two degrees, one being in the Faculty of Arts : we insert a saving clause in favour of those who took the degree of Bachelor of Arts at Calcutta before 1867, that is, before the higher degrees were instituted. Provision is made for the formation of a register of electors, and for the payment of an annual fee for registration. It is thought that the

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fee may be of use in two ways, first by making a small addition to the resources of the University, and secondly by sifting out those who are indifferent to the privilege of voting.

“These provisions will not at once apply to the University of the Punjab or to the University of Allahabad. In their cases the Act of Incorporation gives a limited right of election to the Senate, subject to the approval of the Chancellor. There is no complaint as to the results of this rule, and no demand as yet for election by Graduates; but we propose in each case to take powers which will enable the Chancellor, with the sanction of the Government of India, to introduce the wider in substitution for the narrower form of election, if and when he thinks it expedient to do so.

“There is still a third form of election provided for in the Bill. It is proposed that a number of Fellows, not exceeding ten in the three older and seven in the two junior Universities, should be elected by Members of or Graduates in the several Faculties, and that the Chancellor should be empowered to prescribe conditions subject to which such Members or Graduates shall be qualified to elect or to be elected. The object is to secure the presence in the Senate of men specially qualified in the studies represented by the Faculties. When election is by the general body of Graduates, a certain amount of canvassing is almost inevitable; but if the Faculties are asked to choose their best men, it may be hoped that merit only will be considered.

“At some future time, Government may possibly have to consider whether the elective principle should be further extended; for the present, I trust that the scheme embodied in the Bill may be accepted as adequate. It will not satisfy those Graduates who would like to see half the Senate recruited by election, but it places the right of election on a statutory basis, and the future will depend on the use that is made of the rights which Government is now prepared to confer.

“Subject to what has been said of elections, we leave to the Chancellor the difficult and delicate task of making a selection among existing Fellows, of deciding whom he will retain as members of a working Senate, and whom he will relegate to the position of Honorary Fellows. We desire to have a Senate in which the studies of the University, the Colleges affiliated to it, and the religious communities which send their young men to these Colleges will all be fairly represented. Personal claims must be subordinated to the interest of the corporate body, but the transition from the old system to the new will not be associated with any act which can justly be regarded as a personal slight.

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"In the Acts of Incorporation, the constitution of the Faculties has been left undefined ; in practice, the Senate passes orders from time to time, assigning the Fellows to one or more of the Faculties. The Commissioners had to deal with a number of plans for adding to the number of the Faculties : at Calcutta, for example, it was suggested that the Faculty of Arts is too large and too miscellaneous, and that relief might be given by instituting a Faculty of Science. It seems most expedient that each University should be free to make its own arrangements ; we propose, therefore, to give power to constitute and re-constitute the Faculties by regulations.

"In each of the five Universities, executive business is conducted by the Syndicate ; the numbers and the constitution of this body are not everywhere the same, but I need not detain the Council by describing differences of detail. We propose, as I shall explain presently, to invest the Syndicate with large powers of supervision in relation to the affiliated Colleges ; it is, therefore, a matter of the utmost importance to provide each University with an executive authority whose competence to decide questions of College administration will be generally recognised. We propose, in the first place, that the Syndicate should be a small body, not less than nine and not more than fifteen in number. Where this maximum limit is exceeded, the Syndicate becomes, so to speak, a second Senate, and its executive efficiency is to some extent impaired. If the scheme embodied in clause 15 of the Bill is accepted by Council, the Vice-Chancellor will continue, as at present, to be Chairman ; the Syndicate will elect its own Vice-Chairman ; and the Director of Public Instruction will be an *ex officio* member. The ordinary members will be elected by the Faculties, in such proportion as may be determined by regulation. In order to secure the closest possible co-operation between University and College authorities, we propose that as nearly as may be one-half of the elected members shall be Heads of, or Professors in, affiliated institutions. It is very desirable that the Syndicate should include officials and business men who are able to devote a portion of their time to the affairs of the University ; and, where Colleges are in question, it is also very important that the Syndicate should be guided by the experience of those who understand the practical bearing of the rules under discussion.

"I come now to those provisions of the Bill which relate to Colleges, and, by way of indicating the magnitude of the question on which we are entering, I may begin by stating that in British India there are 191 Colleges connected with the Universities, and that, in these Colleges, there are more than 23,000 students. Looking to the fact that we require a constant supply of men for the professions and for the public service, it cannot be argued that the number is excessive. As to the quality of the training given, the Commissioners, who inspected a large

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number of Colleges, have passed a discriminating verdict. We have good Colleges in India—Colleges which leave their characteristic impress on the minds and characters of their students. And we have Colleges which lack not merely the adjuncts and appliances but even the necessary elements of a liberal education. In attempting to frame rules for institutions so diverse, there are, as it seems to me, two principles to be kept in view. In the first place, a College is, or ought to be, a self-governing society. A good College has its own traditions, its own ideals of scholarship and conduct, its own special claim on the allegiance of those who belong to it. The Commissioners dealt with the question of discipline, but when they came to the question of moral and religious training, they left it on one side, because they felt that the problem must be worked out by College authorities on their own responsibility.

“But, my Lord, there is another aspect of the case. A College is a public institution, enjoying a valuable privilege conferred upon it with the sanction of Government; it ought, therefore, to be inspected and controlled, like other institutions of the same class. This is clearly implied in the Despatch of 1854, but the policy there set forth has never been fully carried out. Our Senates and Syndicates have been occupied in elaborating the details of an all-embracing examination system; they have not had time to devise measures which might have prevented the admission of unsuitable Colleges, or the deterioration of Colleges already in existence. So complete has been the liberty enjoyed by College authorities that in some cases they resent the idea that Government has the right to lay down rules for their guidance. If any such objection is taken to this Bill, I am content to refer to the conditions under which collegiate societies are doing their work in other parts of the world. Your Lordship and I are members of two Oxford Colleges, one of which counts nearly five, the other more than six, centuries of vigorous life. Throughout their history, these Colleges have been governed by Statutes, imposed upon them by outside authority, and their Statutes have been altered from time to time, when the Government of the day thought that changes in their methods were required. If the Colleges of India are to take rank with the best Colleges elsewhere, they must begin by accepting some at least of the restraints which are not found oppressive by Balliol and All Souls. With this prefatory observation, I proceed to give some account of the measures by which we hope to raise the standard of College education in this country.

“We propose, first, that a College applying for affiliation shall be required to satisfy the Syndicate on these very definite points—

- (a) The constitution of the governing body. If a College is to be permanent, it must be something more than a proprietary concern. The Commissioners are careful to point out that some at least of the

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private Colleges owe their origin to the desire of promoting a particular kind of education, and not to the hope of gain; but they recommend that in each case there should be a properly constituted governing body, and I may observe that this recommendation was accepted by the Calcutta Senate.

- (b) The qualifications of the teaching staff, and the terms on which they are engaged.
- (c) The buildings in which the College is to be located, and the provision to be made for the residence, supervision, and physical welfare of the students.
- (d) Residence of the Head of the College and members of the teaching staff. It may, in some cases, be impossible to make provision for this, but we desire, so far as circumstances permit, to give our Colleges a residential character.
- (e) The financial resources of the College.
- (f) If there are other Colleges in the same neighbourhood, it is proposed that the Syndicate should inquire whether the affiliation of a new College will not be injurious to the interests of education or discipline. In some parts of India, the rivalry of neighbouring Colleges has led to underselling and other abuses.
- (g) The fees to be paid by students. The Government of India have not thought it necessary to take a general power to regulate fees; but it is thought that the Syndicate should have such powers of inquiry as will enable them to deal with cases of underselling.

“If information is furnished on all these points, and if the proposed College is duly inspected, the Syndicate, the Senate, and ultimately the Government will have materials before them which will enable them to decide as to the expediency of adding to the list of affiliated institutions.

“In regard to existing Colleges, it is proposed that they should be required to furnish such reports, returns and other information as the Syndicate may call for, and that they should be liable to inspection. The Bill also provides that the Syndicate may call upon a College to take such action as may appear to them to be necessary in respect of any of those definite matters to which I referred in speaking of new Colleges applying for affiliation. This is a wide

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power, and we may be told that the Colleges are being placed at the mercy of the Syndicate. But the Syndicate, if our scheme is accepted, will be largely composed of College teachers, and it is to be expected that an authority so constituted will know how to make allowance for the difficulties of College administration, and will refrain from pressing any unreasonable demand. Changes, such as we advocate, can only be carried out gradually, and teachers who have grown up under the old system must have time to adapt themselves to the new.

“ When a College is hopelessly unable to bring its work up to the University standard (this, I hope, will very seldom occur), it may be necessary to consider the question of disaffiliation. This extreme penalty has not often been inflicted in the past, but such experience as we have indicates the expediency of framing some rules of procedure. It is, therefore, provided in the Bill that, when notice is given in the Syndicate of a proposal to disaffiliate, the College concerned shall be furnished with a statement of the grounds on which the motion is made, and shall be invited to submit a statement in reply. It is to be noted that all proposals to affiliate a new College, or to disaffiliate an existing institution, will be reported by the Syndicate to the Senate, and that the final order will in each case be passed by Government. The decisions of University authorities may conceivably be influenced by the views and interests of the more powerful Colleges, and it seems best to leave the final decision with an authority which can deal with all institutions on their educational merits.

“ The Bill is a short one, but its 29 clauses embody the results of long inquiry and discussion, and I have thought it right to state fully the reasons which have induced the Government of India to propose fundamental changes in the constitution and working of our Universities. The Report of the Commission touches on many matters of principle and detail which I have not even mentioned, because they are matters which must be left to regulations. We propose in clause 25 of the Bill to recast and in some points to amplify the rule-making powers of the Universities. If the Bill is accepted and passed into law, each University will be invited to prepare a revised body of regulations. To avoid any unnecessary delay, it is provided that Government may make additions to, and alterations in, the draft submitted, and that, if no draft is submitted within a prescribed time, Government may make regulations for the University. This, of course, is an exceptional power, and we may assume that it will be used with discretion. It would obviously be a great mistake to make use of such a power to introduce changes which the Universities are not

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yet ready to accept. Each University has its own ideas, and must be allowed to choose its own path; and, while we may hope that each will 'profit by the experience of the others, no wise administrator would desire to reduce them all to a monotonous uniformity of practice.

"There is one point in the Bill to which I wish to call attention, because it relates to my own University of Calcutta. Four of our Universities are placed under the care of their respective Local Governments; at Calcutta the Governor General is Chancellor, and the University is in direct communication with the Government of India. There is no desire in any quarter to alter this arrangement; I may say without flattery that any such alteration would be specially inappropriate at the present time, in view of the unceasing labour and study which Your Lordship has bestowed on all questions connected with the advancement of education. But the Government of Bengal is deeply interested in the fortunes of the University; we propose, therefore, that the Lieutenant-Governor should be constituted Rector, and that he should be associated with the Chancellor as one of the heads of the Corporate Body.

"Such, my Lord, is the measure which I now ask leave to introduce. My aim has been to show that, in framing these clauses, we have proceeded, not on the fanciful idea that we can impose a higher standard on our Universities and Colleges by a single Act of the Legislature, but on sound principles, carefully thought out. Our scheme will be closely criticised, but I trust that its main purpose will not be misunderstood. The object of the Bill is to strengthen the Universities of British India, so that they may be able in time coming to aid in the advancement of learning, and to promote the best interests of the young men who are committed to their charge."

The Hon'ble SIR DENZIL IBBETSON said:—"My Lord, although the charge of this Bill has been most naturally and fittingly entrusted to my Hon'ble Colleague, who speaks on University matters, both in England and in India, with an authority and a fulness of knowledge to which no other Member of the Executive Council can pretend, yet, as the Member in charge of that Department which is concerned with matters of Education, I am unwilling to give a silent vote upon the motion before us. I propose therefore to say a very few words in support of the general principles upon which the Bill rests.

"I suppose that no responsible person will deny the need for some reform in our University system. That has been established beyond dispute by the inquiries of the Universities Commission. And indeed, it would be strange

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if no reform were needed. The three senior Universities were established in 1857—the year when I first went to school—and their constitution and practice naturally followed English models then existing. Now I can testify, from my own personal knowledge, to the revolution which has taken place since that time in English ideas upon the subject of education. I can remember a time when it is hardly too much to say that anybody was thought good enough for a schoolmaster, when it was held sufficient for a man to know a subject himself in order to be able to teach it to others, and when examination was the only test of education. Today teaching has become at once a science and an art, and it is recognised that examinations test only a portion of what a youth should learn at school or college. The standards, the whole conception of education, have been widened as well as raised.

“It is to secure the application of these enlarged standards and this wider conception to our Indian collegiate education, and to render our Universities more efficient agencies for the purpose, that is the main object of the changes now proposed. It is not sufficient, in order to justify the extension to and the retention by a College of the privileges which flow from affiliation, that it should so instruct its students that they are able to satisfy paper tests. In order to justify its recognition by a University it must be, and continue to be, a place of sound education in its widest sense; a place where discipline is enforced and good morals inculcated, as well as adequate provision made for instruction, and where character is formed as well as brains; a place the existence of which is conducive to the best interests of higher education in India. And to ensure that this shall be so, it is essential that the Universities should maintain a closer and more continuous influence and control than can possibly be exercised from the examination-room, that the safeguards which affiliation is intended to afford should be made realities, and that examination should be supplemented by inspection.

“We recognise that in thus imposing enlarged duties upon the Universities, and in demanding from the Colleges a higher standard of efficiency than has hitherto been insisted upon, or than has in all cases been maintained in the past, we shall render necessary a certain amount of additional expenditure. We desire to facilitate the reforms which we are initiating, and to meet with liberal recognition and assistance all genuine effort at improvement; and we have therefore, with the approval of His Majesty's Secretary of State, decided to make, for five years, special grants in aid of Universities and Colleges whose claims to special assistance in carrying out the reforms which we have in view are established, subject to an annual limit of five lakhs of rupees.

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"The second point upon which I wish to touch is, the responsibility of Government in this matter, and the necessity of reserving to it the ultimate control over the higher education of the country. That education, as now understood in India, is in the main an exotic which has been introduced by ourselves, and which is framed upon European models; and for that reason alone, even if no other existed, it would be necessary to retain control in the hands of the only agency which can ensure that the advances which widening experience and increasing knowledge indicate as desirable in Europe, are followed in this country as closely as the circumstances of India will permit. But a still stronger and more weighty reason is to be found in the infinite importance of the interests involved. My Lord, youth comes to each of us but once in his life. Those few years during which the character and the intellect are plastic, and receive the impress which is to determine the whole future of the individual, are his most precious possession; and if they are wasted, or are not employed to the best advantage, the loss to him is irreparable. The young men who year by year pass through our Colleges and out of our Universities are, broadly speaking, the intellectual flower of the people of this country. The Universities owe their existence to the Government, they derive their authority from the Government; and Government would be abnegating one of its highest duties, did it fail to reserve to itself the power of ensuring that the immense influence which that authority enables them to exert is exerted for the greatest benefit of the youth of India."

The motion was put and agreed to.

The Hon'ble MR. RALEIGH introduced the Bill.

The Hon'ble MR. RALEIGH moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the local official Gazettes in English and in such other languages as the Local Governments think fit.

The motion was put and agreed to.

The Council adjourned *sine die*.

SIMLA;
The 5th November, 1903. }

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).

The Council met at Government House, Calcutta, on Friday, the 4th December, 1903.

PRESENT :

The Hon'ble Mr. T. Raleigh, C.S.I., *presiding*.
The Hon'ble Sir E. FG. Law, K.C.M.G., C.S.I.
The Hon'ble Major-General Sir E. R. Elles, K.C.B.
The Hon'ble Mr. A. T. Arundel, C.S.I.
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.
The Hon'ble Rai Bahadur B. K. Bose, C.I.E.
The Hon'ble Mr. A. W. Cruickshank, C.S.I.
The Hon'ble Mr. Gopal Krishna Gokhale.
The Hon'ble Mr. E. Cable.
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.
The Hon'ble Mr. F. S. P. Lely, C.S.I.
The Hon'ble Mr. H. Adamson, C.S.I.
The Hon'ble Mr. A. Pedler, C.I.E.
The Hon'ble Mr. J. B. Bilderbeck.
The Hon'ble Mr. D. M. Hamilton.

NEW MEMBERS.

The Hon'ble MR. GOPAL KRISHNA GOKHALE, the Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR, the Hon'ble MR. LELY, the Hon'ble MR. ADAMSON, the Hon'ble MR. PEDLER, the Hon'ble MR. BILDERBECK and the Hon'ble MR. HAMILTON took their seats as Additional Members of Council.

MADRAS COAST LIGHTS BILL.

The Hon'ble SIR EDWARD LAW moved that the Bill to authorize the levy of dues on vessels for the provision of lights on the coast of the Province of Madras be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Mr. Cable, the Hon'ble Nawab Saiyid Muhammad, the Hon'ble Mr. Adamson, the Hon'ble Mr. Hamilton and the mover.

The motion was put and agreed to.

[*Mr. Arundel; Nawab Saiyid Muhammad.*] [4TH DECEMBER, 1903.]

INDIAN OFFICIAL SECRETS (AMENDMENT) BILL.

The Hon'ble MR. ARUNDEL moved that the Bill to amend the Indian Official Secrets Act, 1889, be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Major-General Sir Edmond Elles, the Hon'ble Sir Denzil Ibbetson, the Hon'ble Rai Bahadur B. K. Bose, the Hon'ble Mr. Cruickshank, His Highness the Agha Khan, the Hon'ble Mr. Gokhale and the mover.

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR said :—“ Sir, no one who opposes this Bill has any desire whatever to encourage malpractices or dishonest acts which will be prejudicial to the interests and the policy of the State. The general opposition to this Bill is due to the extremely vague provisions contained in the proposed amendments to section 3 of the existing Act. These provisions can be made applicable to any act having anything to do with any Government office, however innocent it may be. The Bill gives considerable room for oppression by the Police, and in what way power is being wrongfully used by the Police is well known to Government now after the sitting of the Police Commission. It is extremely amazing that the mere entry into any Government office from the Secretariat down to the taluq office, should be liable to be made a cognizable and non-bailable offence. It is a well known principle of law that an act is not criminal unless the intention too is criminal, but under the present Bill the very objectionable position is taken, namely, that the act itself is considered an offence, whatever may be the motive and however innocent it may be.

“ One would naturally think that great precautions should be taken for keeping perfect secrecy in the naval and military affairs of Government, but it would be difficult to conceive of many matters which should be kept perfectly secret in the civil administration of a fair and benign Government like that of the British. The proposed amendments to section 3 of the Act, especially sub-section (1), sub-head (a), make the offence so vague in its description that it should necessarily be made bailable and non-cognizable to prevent people being unnecessarily harassed and the personal liberty of subjects being lightly dealt with. The salient provision of the existing law requiring the previous sanction of the Government for instituting criminal proceedings against any person contained in section 5 of the Act should not, I submit, in any way be modified. Under this Bill no such sanction is necessary to start any such proceedings, but such sanction is necessary only for proceeding with the trial of

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any person against whom action had already been commenced. Even if the Government does not give its consent for proceeding with the trial of any person in any particular case, still the annoyance caused to such person by criminal proceedings being merely instituted against him, though he is let off for want of such consent, will indeed be very great. This Bill should in my opinion be dropped altogether, as no clear case has been made out, and sufficient cause has not been shown for passing it. It is legislation of this kind that causes unnecessary irritation in the minds of the people, and it is highly desirable that Government should avoid it."

The Hon'ble MR. GOKHALE said :—"Sir, this Bill, both in its principle and its details, is open to such grave objection that it is a matter for profound regret that Government should ever have thought of introducing the measure. The *Englishman*, in a recent issue, describes the Bill as calculated to Russianize the Indian Administration, and says that 'it is inconceivable that such an enactment can be placed on the Statute book even in India.' This, no doubt, is strong language, but, I think, it is none too strong, and in view of the quarter from which it comes, it should give Government pause. Fourteen years ago, when the Indian Official Secrets Act was passed, there was no discussion in the Council, as the measure was introduced and passed at Simla. But there were two considerations in its favour: First, that a similar Act had already been passed in England and it was applicable to all the dominions of His Majesty, including India, and so the Indian Act was a mere Indian edition of the English Law already in force in India; and, secondly, it related principally to Naval and Military secrets, and it could be argued that as such secrets concerned questions of the country's safety, it was necessary for Government to have drastic powers for preventing their disclosure. The present Bill, however, proposes to make alterations of so astounding a nature in that Act that it is difficult to speak of them with that restraint which should characterize all utterances in this Chamber. To state the matter briefly, the Bill proposes to make three principal changes in the old Act: First, it proposes to place Civil matters on a level with Naval and Military matters; secondly, in place of the present provision that a person, who enters an office *for the purpose of wrongfully obtaining information*, is liable to be punished under the Act, it is now proposed to enact that whoever, 'without lawful authority or permission (the proof whereof shall be upon him),' goes to a Government office, commits an offence under the Act; and, thirdly, it is proposed to make all offences under the Act cognizable and

non-bailable. Now, Sir, it is difficult to imagine that any responsible officer of Government conversant, in any degree, with the administration of the country, and possessing the least regard for the professed character of British rule, could have drafted these amendments. Take the first proposal to place Civil matters on a level with Naval and Military matters. The Civil administration of the country ranges from the highest concerns of State policy which engage the attention of the Viceroy down to the pettiest detail of the routine work of a village official. The word 'Secret' is nowhere defined, and it must, therefore, include all official information not authoritatively notified by the Government to the public. And I want to know if it is seriously intended to make the publication of even the most trivial news in connection with this vast civil administration of the country penal—such news, for instance, as the transfer of a Government officer from one place to another—unless it has first appeared in a Government resolution or any other official notification. And yet this would be the effect of the proposed amendment. The *Englishman* calls this Russianizing the administration, and he is entitled to the thanks of the public for his powerful criticism, which is also disinterested. For the Bill, even if it becomes law, will not, in practice, affect him or the other editors of Anglo-Indian papers. I would like to see the official who would venture to arrest and march to the police thana the editor of an Anglo-Indian paper. But so far as Indian editors are concerned, there are, I fear, officers in this country, who would not be sorry for an opportunity to march whole battalions of them to the police thana. It is dreadful to think of the abuse of authority which is almost certain to result from this placing of Indian editors, especially the smaller ones among them, so completely at the mercy of those whom they constantly irritate or displease by their criticism. It might be said that, while Government have no objection to the unauthorized publication of official news of minor importance, they certainly want to prevent the publication of papers, such as the confidential circulars about the wider employment of Europeans and Eurasians in the Public Service, which were published by some of the Indian papers last year. Now, in the first place, the Bill does not distinguish between matters of smaller and greater importance. And, secondly, even on the higher ground on which the measure may be sought to be defended, I submit that the Bill, if passed into law, will do incalculable mischief. I think, Sir, that in a country like India, while Naval and Military secrets require to be protected, if anything, with even greater strictness than in England, the very reverse is the case with matters concerning the Civil administration. The responsibility of the Government to the people in this country is merely moral—it is not legal, as in the West. There is no machinery here, as in Western countries, to secure that

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[*Mr. Gokhale.*]

the interests of the general public will not be sacrificed in favour of a class. The criticism of the Indian Press is the only outward check operating continuously upon the conduct of a bureaucracy, possessing absolute and uncontrolled power. I can understand the annoyance caused to the officers of Government by the publication of circulars, such as were made public last year. But are Government wise in permitting this feeling of annoyance to so influence them as to make them come forward with a proposal to close an obvious safety-valve and drive popular discontent inwards? The proper and only remedy, worthy of the British Government, for whatever is really deplorable in the present state of things is, not to gag newspapers as proposed in this Bill, but to discourage the issue of confidential circulars which seek to take away in the dark what has been promised again and again in Acts of Parliaments, the Proclamations of Sovereigns, and the responsible utterances of successive Viceroys. From the standpoint of the rulers, no less than that of the ruled, it will be most unfortunate if Indian papers were thus debarred from writing about matters which agitate the Indian community most. What happened, for instance, last year, when those circulars were published? For some time before their publication, the air was thick with the rumour that Government had issued orders to shut out Indians from all posts in the Railway Department, carrying a salary of Rs. 30 and upwards a month. It was impossible to believe a statement of this kind, but it was not possible to contradict it effectively when it was practically on every tongue. The damage done to the prestige of Government was considerable, and it was only when the circulars were published that the exact position came to be understood. The circulars, as they stood, were bad enough in all conscience, but they were not so bad as the public had believed them to be. What was laid down in them was not that Indians were to be shut out from all appointments higher than Rs. 30 a month, but that Eurasians and Europeans were to have, as far as practicable, a preference in making appointments to such posts. The fear that such lamentable departures from the avowed policy of Government might be dragged into the light of day acts at present as an effective check on the adoption of unjust measures, and I think it will have a disastrous effect on the course of administration, if this check were to be done away with, and nothing better substituted in its place. As regards the second amendment, which would make a man's merely going to an office, without lawful authority or permission, an offence, I am sure Government have not considered what this will mean in practice. A very large amount of the work of lower officials is transacted by the people concerned going to their offices without permission expressly obtained. Petitioners, for instance, often have to go to offices for making inquiries about what has happened to their

[*Mr. Gokhale; Mr. Arundel.*] [4TH DECEMBER, 1903.]

petitions—they rarely receive written replies—and it will now be in the power of any police-officer to get a man, against whom he has a grudge or from whom he wants to extort anything, into trouble by alleging that he had gone to an office of Government ‘without lawful authority.’ This will be putting a most dangerous power into the hands of the lower police, about whose character, as a class, the less said, the better. Even an innocent friendly visit by a private individual to an official friend of his at the latter’s office can, under this Bill, be construed into an offence. I am sure nothing could be farther from the intention of Government, and I am astonished that greater care was not taken in drafting the Bill to confine it to the object Government had in view. Lastly, it is proposed to make offences under this Act cognizable and non-bailable—which means that a person charged with an offence under this Act is to be arrested at once, but he is not to be liberated on bail—and yet there is to be no trial till the sanction of the Local Government has been obtained. This may take weeks and even months, and finally it may never be accorded, and the person arrested is all the while to rot in detention. I cannot understand how a procedure so abhorrent to ordinary notions of fairness should have commended itself to Government. The only redeeming feature in this most deplorable business is that among the opinions which the Government of India have received from their own officers, there are some that strongly deprecate the measure—at least in its more serious aspects. And I think it is a matter for special satisfaction that the Government of Bengal has spoken out so plainly against placing Civil matters on a level with the Naval and Military. Sir, I protest against the very introduction of this Bill. I protest against the spirit in which it has been conceived. I protest against its provisions generally. And as I cannot imagine any possible amendment of the measure which can make it acceptable to me, my only course is to vote against this motion to refer it to a Select Committee.”

The Hon’ble MR. ARUNDEL said:—“If I had been aware of the intention of the Hon’ble Members who have spoken, to address the Council at this stage, and had been favoured with the remarks they proposed to offer, I should have been in a better position to comment, as I should have been glad to do, on the arguments they have brought forward against the Bill. The Hon’ble Mr. Gokhale objects to the Bill both in principle and in detail. On the question of principle, I will allude to one subject on which it will be admitted by all that the law should empower secrecy to be maintained when in the opinion of Government the public interests so require. I refer to political matters, in which it may be of great importance that pending questions should be conducted confi-

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Elles; Mr. Gokhale; Sir Denzil Ibbetson.]

dentially. Into other matters of principle I will not now enter. As regards the details of the measure these are the very matters for the discussion and consideration of which it is proposed to appoint the Select Committee. A considerable number of criticisms have been sent in, and these will receive careful consideration at the hands of the Select Committee, and I am not without hope that as the result, important objections that have been raised will be met, and that a general approbation of the Bill will not be wanting."

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES said :—" I should like to ask the Hon'ble Mr. Gokhale whether he intends to oppose the Bill in its military aspect as well as in its civil aspect because I understood him to say he would oppose the Bill altogether."

The Hon'ble MR. GOKHALE said :—" Not in its military aspect."

The motion was put and agreed to.

ANCIENT MONUMENTS PRESERVATION BILL.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill to provide for the preservation of Ancient Monuments and of objects of archæological, historical or artistic interest be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Rai Sri Ram Bahadur, His Highness the Agha Khan, the Hon'ble Mr. Lely, the Hon'ble Mr. Adamson, the Hon'ble Mr. Morison and the mover. He said :—" I should explain that neither with regard to this Bill nor to another Bill respecting which I am about to make a similar motion have the opinions of all the authorities consulted been received, but it is thought desirable to constitute the Committee at once in order that they may be in a position to begin work as soon as the papers are ready."

The motion was put and agreed to.

CO-OPERATIVE CREDIT SOCIETIES BILL.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill to provide for the constitution and control of co-operative credit societies be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Sir Edward Law, the Hon'ble Rai Bahadur B. K. Bose, the Hon'ble Rai Sri Ram Bahadur, the Hon'ble Mr. Cruickshank, the Hon'ble Mr. Lely, the Hon'ble Mr. Adamson and the mover.

[*Nawab Saiyid Muhammad.*] [4TH DECEMBER, 1903.]

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR said:—

"Sir, I desire at the outset to congratulate the Government on their undertaking a project of legislation, as the one now before us, for the establishment of co-operative credit societies in India, a measure inspired by beneficent motives for the welfare of the agricultural population. As Sir Antony MacDonnell's Commission observed a large hope for the future of agriculture in India lies in the establishment of mutual credit societies and, though there might be difference of opinion as to the details of the Bill, the people of this vast continent cannot but receive the measure in a spirit of thankfulness and hope. It is now more than twenty years that the idea of establishing agricultural banks for the relief of rural indebtedness took practical shape and found favour with the authorities in India. In the Bombay-Deccan the agriculturists had during the seventies become hopelessly involved in debt which led to serious agrarian outbreaks, and a Relief Act intended to disarm the money-lenders was passed. But the Act was found to be ineffectual, the ryot continued to live a hand-to-mouth existence, while the business of the money-lender was paralyzed as he was unable to recover even the interest on his loans, and there was actually a total disorganization of rural credit. The people of Poona set on foot a movement for the establishment of an Agricultural Bank in the Deccan. I need hardly add that the task was a stupendous one. While, on the one hand, provision had to be made for the settlement of old debts, on the other hand, friendly relations between the money-lenders and the agriculturists had to be restored and the support of the capitalists had to be secured; and most important of all concessions necessary for the practical success of the whole scheme had to be obtained from Government. The scheme took a practical shape in 1882, and the result so far was entirely due to Sir William Wedderburn, who took a great interest in the scheme. The ryots welcomed the proposal, the money-lenders agreed to co-operate and capitalists came forward and undertook to finance the Bank. The Governor of Bombay, Sir James Ferguson, was favourably disposed to grant the concessions asked for, and when the scheme was finally submitted to the Government of India, it received the most sympathetic attention of the Viceroy the Marquis of Ripon and his distinguished Finance Minister Sir Evelyn Baring (now Lord Cromer). In submitting the proposal for the sanction of the Home authorities, the Government of India stated that the object in view was to make a practical experiment with the hope if the system was successful it would spread whenever needed and prove of incalculable benefit to the whole country. The Marquis of Ripon and his colleagues attached the greatest importance to the experiment, and in soliciting the sanction of the Secretary of State they

[4TH DECEMBER, 1903.] [*Nawab Saiyid Muhammad.*]

stated 'We are anxious to give effect to a scheme which we believe to be advocated on purely disinterested grounds, which can under the experimental conditions proposed, be carefully watched and which is likely, if successful, to be productive of much benefit to the country'. It looked as though a bright future was dawning on the agricultural population, but the hope was only short-lived as the Secretary of State declared himself against the experiment. As observed by Mr. (now Sir Frederick) Nicholson 'great measures are always impossible till they are found to be successful, and success depends upon incessant experiment, perseverance and courage; the problem is insoluble till it is attacked in actual experiment.' It is therefore to be greatly deplored that a measure which was put before the Secretary of State under such happy auspices should have been shelved. After the departure of Lord Ripon from India the matter did not receive that sympathetic consideration which it so richly deserved. In 1891, however, Lord Wenlock placed Sir Frederick Nicholson on special duty for the purpose of enquiring into the possibility of introducing in the Madras Presidency a system of agricultural or other land banks so as to enable the vast agricultural population to obtain the money they require on more easy terms than they were able to do so. In a lucid report so truly characterized by Sir Denzil Ibbetson as a 'monument of research and a perfect storehouse of information,' Sir Frederick emphasized the necessity for the establishment of village banks in the Madras Presidency, and urged that such banks need to be encouraged and regulated by the State. Briefly, he recommended that the articles of association must be subject to scrutiny; the limit of liability extended; an independent audit prescribed; the issue of debentures permitted; investment of a portion of the capital in Government securities made compulsory; reduction of stamp and registration charges; privilege of free postage in correspondence with officials; distraint and sale without intervention of a Court; priority in claim of loans granted for land improvement; partial exemption of shares and deposits from attachment and the supervision of the banks by a Government official. Over and above all he considered that State subventions or guarantees were necessary. Before the submission of the report Lord Wenlock who took an interest in the experiment had left these shores and the succeeding administration did not evince that sympathy for the agricultural population to which they were entitled by the position which the Indian Government had always assumed in their relation with the ryots. The Government of Madras considered that independence of State aid should be the guiding principle of any system of co-operative village banks in the Madras Presidency, and that no amendment of the law governing the formation and working of companies such as that advocated

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by Sir Frederick was necessary as in their opinion neither in the law nor in the Government nor in the state of society were there any obstacles to the establishment of any class of bank or benefit society. The decision of the Madras Government therefore was unfortunate and led to further delay in the inauguration of a much needed reform. It was thus left to the administration of His Excellency Lord Curzon to initiate under legal sanction and executive encouragement a measure which in the fulness of time will confer on the agricultural population of India inestimable benefits.

“ Sir, in the Province to which I belong the average holding of each ryot is approximately seven acres, and as nearly ten acres of ordinary dry land is necessary to procure the subsistence of the ryot and his family, it is clear that the average holding is insufficient to maintain the ryot population in health and comfort. It must also be remembered that nearly 66 per cent. of the total holdings are less than five acres, and the ryots cannot even in times of plenty secure the necessary means of subsistence from their lands. The progressive sub-division of holdings inherent in the system of ryot-proprietorship and the Hindu and Mahomedan Law of Succession are tending to diminish still further the extent of the ryots' holdings. In these circumstances, the ryot population of Southern India is even in times of plenty in a miserable condition, and it is therefore no wonder that the failure of the monsoon brings about famine or widespread starvation. When we find that in times of famine, owing to the competition for the little employment when agricultural operation falls off, the rates of wages offered and accepted is generally below the ordinary or customary rate, it is self-evident that the ryot has absolutely no chance of obtaining a decent living by becoming a labourer.

“ Half a century ago the establishment of Agricultural Banks and Co-operative Credit Societies was first initiated in Germany and was grafted subsequently in most of the European countries. These Banks have conferred great boons on the rural and urban population, and the measure now before the Council cannot therefore strictly be called an experiment, as the efficacy of the Banks for relieving the peasant indebtedness has been established beyond doubt wherever they have been introduced.

“ It is proposed in the Bill to empower the rural societies to borrow with the sanction of the Registrar and the approval of the Collector. The Societies can lend money only to their members, but an urban society may lend to a rural society in the same district. I observe that the lending should be on personal credit only, and that a loan on mortgage is absolutely prohibited. This seems

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to me to be a vital objection, as loans for land improvement and certain other objects must be long-term loans which are not likely to be granted except on security of immoveable property. In the case of rural societies loans on the security of immoveable property, I submit, should be allowed.

“I doubt the expediency of prohibiting the lending of money on pledge of jewels and such other moveable property. The grounds on which the prohibition has been made are that the lending of money on such pledge is not one of the proper functions of the societies under contemplation, while the adoption of this line of business might introduce complications into its management and accounts that would materially imperil success. In places where there are facilities available for the proper valuation and pledge of jewels, it appears to me that it would be safe to grant loans on the security of these valuables, and as a matter of fact, the advancing of money on pledge of jewels to members forms part of the transaction of the Madras Funds or Nidhis which are now in existence throughout the Presidency. At any rate, the matter seems one which may be left to be decided with reference to particular tracts, as any hard-and-fast rule will prevent the temporary accumulation of the large amount of capital locked up in jewels and ornaments throughout the Presidency.

“The only other point I wish to bring to the notice of the Council, is in regard to the encouragement and help which the Government is prepared to give for these societies. The Government of India proposes to exempt for the present their profits and operations from the Income-tax, Stamp Duties and Registration Fees, and to authorize them to open public accounts in the Post Office Savings Banks. As regards financial assistance the Bill is silent on the point, but the Government of India recognize that such assistance may be necessary and have left the matter to be regulated by executive order. In introducing the Bill Sir Denzil Ibbetson expressed the opinion that no real advance will be made without the active encouragement and assistance of Government, and that they will be prepared to advance money to rural societies in even fifties of rupees, subject to the condition that the total advance shall at no time exceed the total of the amount subscribed or deposited by the members of the society, or a limit of Rs. 2,000 in the case of any single society. While the public will be thankful for the concessions vouchsafed by the Government of India, I beg to submit that they are not sufficiently liberal to ensure a thorough success of the scheme. It must be remembered that true banking operation is a new plant which will have to be carefully nurtured, and people who embark on such an enterprise will have to overcome great many obstacles. Under the circumstances,

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it seems to me that the Government should be pleased to give more liberal help than what has been proposed. In Egypt, Lord Cromer has found it necessary to advance large sums of money for helping the peasant to get out of the clutches of the money-lender. If the Government cannot render large financial help the guarantee system which has been found to be necessary in the case of railways and other public undertakings might well be tried in the case of these banks. As the mainstay of Indian finance is the land-revenue there is nothing more fitting than risking a small fraction of the tax in helping the agriculturalists, and in my opinion, the risk will not be very great.

"I have made these suggestions regarding the provisions of the Bill, in the hope, that they will receive careful consideration in the Committee, and I strongly support the introduction of such a beneficial measure, and I have no doubt that the Bill would be hailed by all interested in the welfare of the agricultural population of India."

The Hon'ble SIR DENZIL IBBETSON said:—"I am gratified to find that the principle upon which our proposals rest has the approval of the Hon'ble Member. As regards the criticisms in detail which he has put forward, this is not the time to discuss them. As I said when I introduced the Bill, the Government is approaching the whole subject with an exceedingly open mind, and I will take care that the views of the Hon'ble Member receive careful consideration in the Select Committee."

The motion was put and agreed to.

CENTRAL PROVINCES CIVIL COURTS BILL.

The Hon'ble MR. ARUNDEL moved for leave to introduce a Bill to consolidate and amend the law relating to Civil Courts in the Central Provinces. He said:—"This Bill is intended to consolidate the law relating to Civil Courts in the Central Provinces, and to introduce certain amendments the necessity for which was foreshadowed when the Bill which became the Central Provinces Civil Courts (Amendment) Act, 1901, was under consideration. The main alterations proposed are—

- (a) the separation, as far as practicable, of the civil from the criminal and revenue branches of the administration, and
- (b) the provision that appeals in suits where the value exceeds Rs. 5,000 shall lie direct from the District Court to the Court of the

[4TH DECEMBER, 1903.]

[Mr. Arundel.]

Judicial Commissioner, and not as heretofore to the Divisional Court.

“ The first is provided for by the establishment of regular Civil Courts. The second follows the law in force in other Provinces, and, as it will throw an additional burden upon the already overworked Judicial Commissioner, the Bill provides for his relief by the appointment of a permanent Additional Judicial Commissioner, or of more than one, if at any future time the state of business should render further assistance necessary. The provisions here suggested are on the lines of similar laws in force elsewhere in British India.

“ With regard to the first of the above alterations, I may observe that in the Central Provinces the separation of the functions of Civil Judge from those of the Magistrate and Revenue Officer has been a matter of gradual development. The first step was taken when by the enactment of the Civil Courts Act, 1885, Tahsildars were relieved by the appointment of Munsiffs. Deputy Commissioners were next relieved by the appointment of Civil Judges, at first in the more important districts only, but since 1895 in every district of the Provinces. In 1891, Judicial Assistants were appointed to relieve Commissioners of civil work, and by Act IV of 1901, the Judicial Assistants became Divisional Judges, and assumed the whole of the civil functions of the Commissioners. The purpose of the present Bill is to place the civil judicial arrangements thus gradually evolved on a permanent footing, and to assimilate the law in force in the Central Provinces to that obtaining elsewhere.”

“ The motion was put and agreed to.

The Hon'ble MR. ARUNDEL introduced the Bill.

The Hon'ble MR. ARUNDEL moved that the Bill, together with the Statement of Objects and Reasons relating thereto, be published in the Gazette of India in English, and in the Central Provinces Gazette in English and in such other languages as the Local Government thinks fit.

The motion was put and agreed to.

The Council adjourned to Friday, the 18th December, 1903.

J. M. MACPHERSON,

*Secretary to the Government of India,
Legislative Department.*

CALCUTTA;
The 7th December, 1903. }

Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14.)

The Council met at Government House, Calcutta, on Friday, the 18th December, 1903.

PRESENT :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.
His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.
The Hon'ble Mr. T. Raleigh, C.S.I.
The Hon'ble Sir E. F.G. Law, K.C.M.G., C.S.I.
The Hon'ble Major-General Sir E. R. Elles, K.C.B.
The Hon'ble Mr. A. T. Arundel, C.S.I.
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.
The Hon'ble Rai Bahadur B. K. Bose, C.I.E.
The Hon'ble Rai Sri Ram Bahadur.
The Hon'ble Mr. A. W. Cruickshank, C.S.I.
The Hon'ble Mr. Gopal Krishna Gokhale.
The Hon'ble Mr. E. Cable.
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.
The Hon'ble Mr. F. S. P. Lely, C.S.I.
The Hon'ble Mr. H. Adamson, C.S.I.
The Hon'ble Mr. A. Pedler, C.I.E., F.R.S.
The Hon'ble Mr. T. Morison.
The Hon'ble Dr. Ramkrishna Gopal Bhandarkar.
The Hon'ble Mr. J. B. Bilderbeck.
The Hon'ble Mr. D. M. Hamilton.

NEW MEMBERS.

The Hon'ble MR. MORISON and the Hon'ble DR. RAM KRISHNA GOPAL BHANDARKAR took their seats as Additional Members of Council.

INDIAN OFFICIAL SECRETS (AMENDMENT) BILL.

The Hon'ble MR. ARUNDEL said:—"With your Lordship's permission I beg leave to make a motion which does not appear on the notice paper. His Highness the Agha Khan, a member of the Select Committee on the Official Secrets Bill, is, I regret to say, reported to be ill, and although

[*Mr. Arundel; The President.*] [18TH DECEMBER, 1903.]

I hope the Committee may have the benefit of his presence and advice before the Report is sent in, it is by no means certain that he will be here when the Committee commences its sitting. In order, therefore, that non-official opinion may be adequately represented, I desire to propose that the Hon'ble Nawab Saiyid Muhammad Sahib Bahadur be a member of the Select Committee of the Official Secrets Bill."

His Excellency THE PRESIDENT said :—" Before I put this motion to the Council there are a few words that I wish to add in connection with the Bill. The Government of India have heard from the Secretary of State that a Memorial, which has been presented to him in England on the subject of this Bill, is on its way to India with his observations on the subject. It seems to be only right that this communication should be in our hands before the Select Committee proceeds with its labours, and, therefore, we have decided to await its receipt before asking the Select Committee to hold its sittings. At the same time I should like to take the opportunity to add a few words about the feelings which have been aroused, and which have found such emphatic expression in many quarters, in connection with this Bill. I think it will be in my power to show that there has been considerable misapprehension both of the objects and of the position of Government in this matter, and that there is no sufficient excuse for the alarms that have been excited. I hope it will be understood by Hon'ble Members and by the public that I do not at all complain of the very strong expressions that have been employed. It is true that as I came back to Calcutta in the train, and found the Government of which I have the honour to be the head compared unfavourably in the newspaper extracts which were sent to me to a number of despotic powers, accused of wishing to inaugurate a reign of terror, and of ringing the death knell of the freedom of the Press, and so on, I did not quite recognise the description ; for assuredly if ever there was an administration in India that has been free from any conscious inclinations of this sort, it has been the present ; and if ever there was a head of the Government who has invited, instead of resenting, the expression of public opinion, even when it was critical or unfriendly to the policy of Government, I think I may claim that it has been myself. At the same time I fully recognise that if these misconceptions prevail, it can only be because they have been, however unwittingly, provoked, and that it is a much better thing to remove the cause of misunderstanding than to rail at it. The misconception as I understand it, relates both to the origin of the Bill and to its objects. I will say a word upon each. The Hon'ble Mr. Gokhale, whose outspoken criticisms I always admire, even when I dissent from them, delivered a

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scathing attack upon the Bill and upon the Government a fortnight ago, when I was not here, upon the occasion of its reference to the Select Committee. He directly attributed the introduction of the measure to the annoyance which he said had been caused to the Government by the unauthorised publication of the proceedings of a Conference of railway officials that took place a year ago, and he went on to describe the proceedings of the Conference in question as a lamentable departure from the avowed policy of Government. I have also seen an advance copy of the Memorial that I spoke of just now as being on its way out from England, and which similarly declares that it is universally believed in India that this has been the origin of the Bill. I hope the Hon'ble Member will allow me to assure him that he has got hold of an absolute mare's nest in this case. As a matter of fact, his theory of events is wholly inaccurate. The Government of India had nothing to do with the proceedings of the Conference in question. I was personally quite unaware of its existence, and so was the Hon'ble Member in charge of the Public Works Department. Nor did I or any of my Colleagues feel the smallest annoyance at the publication of proceedings, which in relation to the Government of India had neither authority nor sanction. But the Hon'ble Member's history has even less foundation than his facts. The Bill which he alleges us to have introduced in hasty alarm or irritation at something which was done or said at Delhi in January, 1903, and which I see that other critics have attributed to other occurrences in recent history, originated, he may be interested to learn, more than six years ago. The desirability of amending the Official Secrets Act of 1889 had been felt as far back as 1894, when, as is well known, there was a difference of opinion among the highest legal authorities in Bengal as to the matters to which it referred, and more particularly as to whether the Act was intended to prevent, or did prevent, the disclosure of confidential civil documents and information. A little later the inadequacy of the existing Act in another direction was discovered, in the case of some persons who had been found taking photographs of certain military defences, and who could not be dealt with by the Act as it then stood. These difficulties arose in the main from the ambiguous wording of Sections 3 and 4 of the Act of 1889. Accordingly it was decided to refer the matter to the Secretary of State, and I found a Bill already drawn up when I came out to India five years ago, and the Draft Despatch to the Secretary of State only waiting for my signature. A prolonged discussion followed upon the suggested amendment of the law. Then occurred some further cases of illicit photographing of defences, and the matter was again referred to the Secretary of State, who

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gave his consent to the amending legislation as far back as the autumn of 1902, the principal changes in the law that were suggested by the Government of India having been found to be already embodied in existing Colonial Laws and Ordinances. All these events took place long before the Delhi Railway Conference, or any of the other incidents that are alleged to have so greatly disturbed our equanimity. Then came the introduction of the Bill in the Legislative Session of this Council in Simla last summer. A fear was at once expressed that it was intended to force through an unpopular and insidious piece of legislation while Government was in the hills. I suppose, if we had been guilty of all the motives since attributed to us, that this would have been the most natural course to adopt ; but so little design had we of springing a surprise upon the public, or of hurrying through the Bill without full discussion, that the idea never occurred to us of taking the Bill anywhere else than at Calcutta, and I at once authorised a public declaration to that effect. So much for the history of this Bill, which, I think, I have shown to be a very different thing from the imaginary sketch of it drawn by the Hon'ble Mr. Gokhale.

" I now pass to our aims and intentions. The same Hon'ble Member drew a harrowing picture of Indian editors being marched off to prison ; of the publication of the most trivial information being treated as illegal ; of innocent petition-writers being dragged out of Government offices by the Police : and of arrested persons rotting in gaol. Now the Hon'ble Member is a man of great perspicuity and great acumen. Did he really believe for a moment that this is what we have in view ? If he really thought so, then I should be very sorry for myself, and I should not be quite happy about him. But the answer may be made that all such things are possible under the Bill. I do not think that they are. And if they are they were certainly never intended to be. But if I am wrong—and this is a matter for draftsmen, to which expert class I do not claim myself to belong—then I say at once, that we shall be prepared, if convinced of the unsuitability of our language, to alter it ; if we have been guilty of obscurity, to correct it ; if shown to have gone too far, to modify our plans. In fact, I am not without hope that even the critics of the Bill may be converted into its supporters. I want Hon'ble Members to remember this—the existing Act is unquestionably faulty. It is, indeed, so loosely drawn that it has been found to be inoperative whenever occasion has imperatively arisen to have recourse to it. It is not fully clear to what classes it applies, and even when its application is indisputable, its enforcement is very difficult. These defects it is proposed to remedy, most certainly in no hurry, seeing, as I have explained, that we have been more

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than six years about it, but deliberately, and with every desire to carry public opinion with us. I believe that when the Select Committee meets they will find that their labours are neither so severe nor contentious as has been supposed, and that a satisfactory measure can be placed upon the Statute Book, which need not strike terror into the heart of a single innocent person, but which will give to the confidential secrets of the State the protection which no reasonable man would willingly deny to them."

The motion was put and agreed to.

POISONS BILL.

The Hon'ble SIR DENZIL IBBETSON moved that the Bill to provide for the regulation of the possession and sale of all poisons in certain local areas, and the importation, possession and sale of white arsenic generally be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Rai Bahadur B. K. Bose, the Hon'ble Rai Sri Ram Bahadur, the Hon'ble Mr. Cruickshank and the mover.

The motion was put and agreed to.

INDIAN UNIVERSITIES BILL.

The Hon'ble MR. RALEIGH moved that the Bill to amend the law relating to the Universities of British India be referred to a Select Committee consisting of the Hon'ble Sir Denzil Ibbetson, the Hon'ble Mr. Gokhale, the Hon'ble Mr. Pedler, the Hon'ble Mr. Morison, the Hon'ble Dr. Bhandarkar, the Hon'ble Mr. Bilderbeck and the mover. He said:—"My Lord, we had also proposed to add to this Committee the member representing the non-official members of the Bengal Legislative Council. But it has been found impossible to take this step at the present stage of the Bill, as no election has yet been made. On the introduction of this Bill, I explained its scope and purposes very fully, and any observations I have to add on the present occasion may be made by way of reply after my honourable colleagues have spoken."

The Hon'ble MR. BILDERBECK said:—"The Bill has reached a stage at which, I understand, it is not in order to deal with its specific provisions, but it is in order to discuss its general principles. The main principles underlying this Bill, as I understand them, are to be found in its recognition of the fact that it is the true function of a University worthy of the name to make provision for the highest class of teaching, to stimulate and provide facilities for research, and to exercise an effective control over the various institutions affiliated to or incorporated

with it. A Bill, the object of which is to bring into existence Universities which shall realize this function, deserves the support of all those who have the highest interests of the country at heart. Exception might perhaps be taken to the Bill on account of some of its provisions, and also on account of its omissions. Criticism, more particularly, has been directed and will probably again be directed against the proposal to reserve to Government large powers of interference and direction in the administration of academical affairs; but in regard to what has been characterised as the main principles of the Bill, I do not believe that opinion that is honestly based on knowledge and reflection can be divided. Should the Bill be opposed, I cannot see how the principles that have been referred to can be attacked, and I submit that the opposition, if it is to be of any value, must establish one of two propositions,—either that the provisions of the Bill are not calculated to meet the objects of its framers, or that these objects can be secured in a different and a more satisfactory manner. Further, mere condemnation of the Bill on the ground of its tendency to officialize the Universities of the country will, I submit, be beside the mark, unless the critics of the Bill are able to show that there is some near prospect of the Universities of this country becoming self-dependent or national institutions, in the sense that they fill a definite place in the public consciousness and receive adequate support in a general recognition of the need of them.

“There are many critics who hold that there was no necessity—or at least no urgent necessity—for this Bill, inasmuch as the Universities as now established have been working satisfactorily, and inasmuch as the important objects which the present Bill has in view might be attained under existing Acts of Incorporation. This argument is one which appeals with special force to many resident in the Presidency from which I come. In Madras, we do not appear to have suffered to any great extent from those serious disorders and diseases that have been declared to exist elsewhere and that the Universities Commission was appointed to diagnose and prescribe for. In Madras, moreover, the regulations of the University provide for the supervision of its affiliated colleges, and in this connection I would observe that it is a matter of satisfaction to those connected with the administration of the affairs of the University that the provisions of the Bill dealing with the relations of a University to its affiliated institutions bear a very close resemblance to the provisions embodied in the by-laws of the University of Madras.

“Now before replying to the arguments that have just been referred to I wish to state most emphatically that I am far from admitting the justice of

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the criticism that pronounces our existing University system a failure. In spite of the evils that may have attended the operation of the present system—evils which in some respects are not unknown to Universities in other lands—the established system must be credited with a distinct success in that it has brought into existence a numerous body of well-educated men who have won distinction in many spheres of activity, including the fields of research, scientific as well as literary, and to whose ability and conscientiousness in the discharge of their duties the efficient administration of the affairs of the Empire is in large measure due.

“On the other hand, certain awkward facts must be faced. Enquiry has disclosed that in some parts of the country the University system, if it has not called into existence, has either tolerated or been unable to suppress various serious evils. Again, even in regard to those Universities which have enjoyed a comparative immunity from these evils, experience has revealed many defects in their methods and organization, and has indicated many directions in which the system is capable of improvement. It has become increasingly clear that Universities which are merely examining bodies are not suited to the present needs of the country. So long as Universities remain what they are, there is little likelihood of any general advance in the standards of teaching, and moreover the methods of study and ideals of the majority of University students will continue to be governed mainly by a consideration of what is necessary to passing examinations. Now all these defects and evils, which are incidental to or have grown up under the existing Acts of Incorporation, it is the object of the Bill to remove or minimise. It may be, as some hold, that the existing Acts of Incorporation may be so interpreted as to justify the Universities established by them in appointing University professors, in providing facilities for research, and also in exercising a more effective control over affiliated institutions. The question, which really involves the interpretation of the language of the Acts and of the intentions of those who framed them, is debatable. The present Bill leaves these matters in no doubt, and this consideration alone amply justifies the introduction of the Bill.

“It is of course obvious that a mere legislative enactment cannot effect all the changes contemplated by the Bill. In respect to those provisions of the Bill that have been framed with the object of improving the efficiency of affiliated colleges, much can be done by a prudent but resolute employment of the procedure devised in the Bill for the purpose, and there can be little doubt that, under the steady pressure that the new regulations will bring to bear on these colleges, weak and inefficient institutions, whose very existence

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is a danger to society, will be extinguished, while the better ones will be improved and strengthened.

"In regard to the other main principle of the Bill, under which a University is empowered to make provision for the higher teaching and to establish laboratories and other facilities for research, it is obvious that these must remain inoperative unless or until the Universities find themselves in possession of adequate funds for the purpose. This is a matter on which no misapprehension should be allowed to exist. Two considerations of the greatest importance are involved. In the first place, if the highest scientific work is to be accomplished, mere half-measures to attain this end will prove to be futile. No expense should be grudged in respect to the engagement of the services of competent teachers and the erection and maintenance of well-equipped laboratories, museums, and libraries, and no better examples could be followed than those provided by America, or Canada, or some of the States of Europe, or even by Japan, where generous sums are spent on such institutions which are rightly regarded as valuable national investments. In the second place, if it is an axiom of University administration that Schools of Science should receive adequate support, the question of course must be asked from what source the necessary funds are to be derived in the case of Indian Universities. Speaking from my knowledge of the conditions in the Presidency of Madras, I have no hesitation in saying that the University of Madras can expect little or no increase of income from any advance in the rates of examination fees. Moreover, there is little likelihood of any inflow of private benefactions, until the University has given evidence of its ability to turn out work of recognised value and until the claims of the higher education have begun to take their due place in the public consciousness. It would appear, therefore, that if the University of Madras—and possibly conditions are similar in the case of other Universities—is to perform these higher functions with which the Bill proposes to invest it, it must, for some time to come, be able to count upon the liberal support of the State. Unless such aid be given at an early date, the Madras University will at best continue to be little more than an examining body."

The Hon'ble MR. MORISON said:—"Your Excellency, all that I would say is that I think it would be an advantage to the Select Committee if we could elicit an expression of opinion upon the principles of the Bill; because in reading the Bill myself I must say I did not come to the conclusion that it was chiefly based upon those principles to which the Hon'ble Member has just referred. It seems to me that the Bill is

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one dealing not so much directly with education as with the machinery of education and with the administration of it; and what seems to me the most important reform aimed at in the Bill is the placing of University affairs in the hands of more professional men. The chief reform which it seems to me that we can hope for from this is that the affairs of the University will in the future be administered by men whose profession is that of education. Though that is understood to be the main reform of the Bill, I should like to know whether the Council would not be in favour of expressing rather more strongly that principle which seems to me in the Bill to be stated, if I may say so, rather shyly and timidly. For instance, to give an idea of the kind of strengthening or more strong statement which I should like to insert—if it will not seem impertinent to fetter the decision of the Lieutenant-Governor, or the Governor, or even the Governor General—I should like to suggest that the fellows nominated by the Chancellor should be in the proportion of two-thirds men who are engaged in the profession of teaching, at least two-thirds of the nominated fellows to be taken from the teaching profession. And in the same way so as to strengthen the Syndicates, I should like to see definitely expressed in the Bill that heads of Colleges or Principals should by virtue of their office be members of the Syndicate: that is to say that a certain number of seats on the Syndicate should be reserved for Principals. That is permissively expressed in the Bill,—expressed in a manner which indicates that it will meet with the approval of the framer of the Bill, but is hardly compulsory. My only reason for venturing to make these remarks is that this seems to me to be the main principle of the Bill; and if that is so, I should like to know whether the Council would not sympathise with amendments of the Bill in which it would be expressed more strongly and more distinctly.”

The Hon'ble Mr. PEDLER said :—“ I have not come prepared to make a long speech at the present stage of the Bill because I understand that the Select Committee is rather the place to thresh out all the details of the measure. Perhaps, however, I may be allowed to say a few words as to what I believe to be the imperative necessity of some Bill of this kind being introduced. I have now had nearly thirty-one years' experience in the Educational Department of Bengal, and I think I can say that to most men engaged in education, from year to year comes a stronger and stronger feeling as to the necessity for raising the standard of the higher education in Bengal. In certain respects, though by no means in all, education has been deteriorating. We have had an enormous growth of Colleges and Schools without a corresponding growth of what may be called highly educated and trained tutors and professors to carry on

the work. The consequence is that, during the last twenty years, a distinct deterioration has taken place in methods of teaching in Bengal, and in certain classes of educational institutions, while in all European countries a rapid advancement has occurred in educational methods. If I were to attempt to describe what I believe to be the intention of Government in dealing with the question of education, I should say that the object of the present Bill is to raise the standard of the higher forms of education given in India and by doing so necessarily the school education which is followed up by University education will in itself be raised. That this necessity is, I think, generally recognised not only by educationalists but also by the general public in Bengal, I think is proved by the fact that when Your Excellency was good enough to say that you would take up the reform of education in Bengal in speeches made some years ago in your position as Chancellor of the Calcutta University the promise was hailed with delight, and you were looked upon as being what might be called the Educational Saviour of Bengal. I admit that since this Bill has appeared the approval has not been so marked. I may perhaps mention another fact which would indicate that there is a necessity for raising the Standard of University education in India. I happened to be on short leave in England this year, and my attention was called to the fact that there was a Conference of Home and Colonial Universities to be held in London about July. I thought at first that naturally India would take part in such an Imperial Conference. Some of the delegates were my own personal friends, and I enquired privately whether Indian Universities were to be represented, or were in any way to be discussed, and I was told that apparently they had been intentionally left out. Now I do not think if the Indian Universities had the same reputation as many of our Colonial Universities, this action could possibly have occurred. I should rather in my own mind put down the omission to the fact that in some leading newspapers in England, such as *The Times*, *The Daily Chronicle*, *The Saturday Review* and others, articles have appeared within the last few years in which the condition of Indian University education has been portrayed in a rather unpleasant light; and if struck me at the time, though I have no official knowledge that such was the case, that Indian Universities were not considered to be on a par with the Universities of some of our Colonies, and not of the same standard as the Home Universities. This, I think, in itself shows that there is abundant necessity for raising our standards. If I may allude to one or two details, I may point out that in the Bill now under discussion an attempt has been made to provide for machinery by which the raising of the conditions of University education is possible and by which from time to time the nature of the work done in institutions affiliated to our Universities may be tested by

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expert inspection. We in Bengal are not perhaps quite so fortunate as they are in Madras, where the Hon'ble Mr. Bilderbeck seems to think that the rules for inspection and other purposes they have framed are extremely good. Here in Bengal we have no University rules for inspection of Colleges with a view to their improvement. Since I have been Director of Public Instruction in Bengal, that is for the last five or six years, I have only once been asked by the Calcutta University to formally inspect a College and to report on its condition. The result was after my report went up before the University, the College was dis-affiliated without a dissentient voice. My report was printed in various newspapers, and was widely commented on, and Bengal Colleges were taken to be like the one that was condemned, and a good deal of fun was made of their condition. Speaking, as I have said, with an experience of nearly thirty-one years in Bengal, can say that, unless something is done to raise the condition of University education in Bengal, unless something is done to raise the condition of the Colleges, especially of the smaller Colleges and those away in the Mofussil, such a thing as high education in Bengal will degenerate almost into a sham. A great part of the work which is done in the smaller Colleges is most inferior, and it should be the aim of the University Act to raise the standard and to create in the future a really highly educated class of men on whom the Government may rely. It must not be thought, however, that I am entirely condemning University education in Bengal. Many of our Bengal Colleges have done extremely good work. It must, however, be remembered that the University Acts were passed half a century ago. The general condition of education and what was required of Universities and Colleges then, or to put it briefly what was good enough for half a century ago, is not good enough at the present time. Hence I am of opinion that the introduction of this proposed new Bill with what I might call not very harsh provisions is absolutely essential, and unless some Bill such as the present is passed, we cannot hope for anything like a proper standard of high education in Bengal in the future."

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR said:—
 "My Lord, I beg to offer a few observations on the Bill now before the Council. 'The question of University Reform,' as Lord Reay said on a famous occasion, 'is not merely an educational question. It is a question of practical importance to anybody who looks at political questions from a statesmanlike point of view.' It is no wonder, therefore, that since the appointment of the Universities Commission, during the time of their enquiry, and when

their report was published, an immense flood of criticisms and suggestions poured in from all sides, showing that the whole country was stirred to its depths, and felt the subject as one of prime national importance. When the recommendations of the Commission were published, the educated Indian public felt that if they were adopted in their entirety, national education in India would be much poorer than it is now, and that the members of the Commission in framing their proposals had failed to grasp the principle that the Universities should be the representatives in the country of its noblest and highest aspirations. The position of the Universities Commission is summed up in the following sentence of their Report: 'In all matters relating to the higher education, efficiency must be the first and the paramount consideration. It is better for India that a comparatively small number of young men should receive a sound liberal education than that a large number should be passed through an inadequate course of instruction, leading to a depreciated degree.' Professor Charles Waldstein, of Cambridge, says in an article on 'The ideal of a University' in the *North American Review* that 'the mistake with us is, that until quite recently, the only conception of a University has been purely educational, if not pedagogic. It was considered an establishment for the higher training of a small percentage of the inhabitants in each country, chiefly of the upper or professional classes. It was simply a higher school, really a high school for old boys. I think it important that this fatal misconception should be exposed.' It seems to me that this 'fatal misconception' runs not only through the recommendations of the Universities Commission, but is the foundation upon which the Universities Bill is built. I in common with many of my fellow-subjects feel grateful to the Government for not having adopted some of the recommendations of the Commission, notably the abolition of all second grade Colleges. But the Bill proceeds mainly on the lines, recommended in the Report, of which Mrs. Annie Besant, the gifted founder of the Benares College, said, in a lecture delivered in England, 'In the attempt to build up a large College we are trying to do the very opposite of some of the things that are being suggested to the Government, and are already doing some of the things they want done. We have put down the fees to the lowest possible point. But if this Commission Report be adopted, much of our work will be destroyed, and the results which we are trying to bring about, and have brought about to some extent, will be utterly wasted, will be impossible to carry on; for the boys that we want to reach, the intelligent, the eager, those who are longing to learn, but whose parents are poor, they will be shut utterly out of education, for unless we adopt the Government rate of fees, the Government may close the College and not permit to carry on its work.' My Lord, an opinion like this is entitled to the greatest weight, for

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no sort of political bias can be imputed to it. That the effect of the new legislation will be to increase the cost of education and to place it beyond the reach of the poorer classes is clear from the provisions regarding affiliation of Colleges, contained in section 21, which it will not be in the power of any private institution to comply with, except perhaps a few missionary institutions. The provisions contained in section 21, clauses (1)(c) and (d), that the Syndicate should be satisfied in each case that the buildings in which the College is to be located are suitable, and that due provision will be made for the residence, supervision and physical welfare of students, and provision will also be made for the residence of the head of the college and the members of the teaching staff, in or near the college, being statutory qualifications which it is impracticable for any private institution to comply with, it is certain that they will operate effectually to prevent new colleges springing into existence. Indeed, if this provision were insisted on, in the case of the existing colleges, the effect of it would be to cut up by the roots almost all the private institutions except, as I have pointed out, some missionary colleges. In section 21, clause (1)(g), the rate of fees is left to be determined by the Syndicate. Here I wish to say a word regarding the constitution of the Senate and the Syndicate. It is proposed to have a Senate in which the studies of the University, the colleges affiliated to it and the religious communities which send their young men to these colleges would all be fairly represented. This proposal has been received with great satisfaction by the various religious communities. But, My Lord, I submit that if this principle of representation is sound, as I think it is, it is equally sound in reference to the constitution of the Syndicate. As the executive government of the University would be vested in the Syndicate, it is necessary that the various religious communities should also be represented on the Syndicate. In the matter of affiliation and disaffiliation of Colleges, Government is the sole authority—eighty per cent. of the members of the Senate are to be nominated by the Chancellor, and all the regulations of the Senate relating to the University are subject to the sanction of Government, in order to have the force of law. Thus the Government is to have the paramount voice and authority in all matters of internal administration of the University, as well as in the general educational policy of the country.

“I confess I do not share the misgivings which are sometimes given vent to, regarding persons who hold what is called a depreciated degree. To my mind a person who holds a degree and has imbibed the education which must have been imparted to him in the process, is a much better citizen and a more desirable member of the body politic than he would be, if he had been left entirely uneducated. The present Bill appears to be framed on the principle that we

must have the best kind of education or nothing at all. I desire to quote in this connection the words of Dewan Bahadur Srinivasa Raghava Aiyangar of Madras, who had had more than a local reputation and whose recent death has left a void in the country in the ranks of its eminent men which will not be easily filled up. On the occasion of delivering the address at the last convocation of the University of Madras, he said, in referring to the multiplication of graduates 'one important consideration must be borne in mind, namely, the importance of educated men as factors in the social and industrial regeneration of the country. Viewed in this light, we cannot have too many graduates, for, imperfectly as they may discharge their functions at present, the increase in their number cannot but tend to dispel in course of time many prejudices and harmful practices among persons coming within the sphere of their influence and the very struggle for remunerative employment must have the effect of compelling them to seek fresh fields and pastures new'. He was himself a product of the University under its present system. He was the holder of only one degree, and under the present Universities Bill would not be entitled to vote for the election of fellows, under section 7, nor would hundreds of others possessing single degrees who may possess higher claims to exercise the franchise than the Master of Arts or Bachelor of Laws of yesterday to whom the franchise is given. If the University is to form the nucleus of a corporate life from among all its graduates, and if all its graduates are to feel a living interest in its working and growth, it follows that every graduate must have a voice in the constitution of its Government, and there is no reason given why even the privilege hitherto allowed to graduates of single degrees of twenty years' standing should now be taken away except the feeble ground stated in the Objects and Reasons that this privilege was not embodied in the former Act, was granted subsequently by notification and no pledge of continuance was ever given. It is difficult to understand the repugnance with which the idea of clothing any institution with a representative character is regarded in this country.

"Mr. Gladstone is reported to have said, 'There is not a feature or a point in the national character which has made England great among the nations of the world, that is not strongly developed and plainly traceable in our Universities. For eight hundred or a thousand years they have been intimately associated with everything that has concerned the highest interests of the country.' Although the conditions in this country may not make it desirable that our Universities should have the closest approximation to those of England in this respect, still the legislation proposed should be such as to place the Indian Universities in perfect accord with the progressive tendencies of the age to meet the needs of the country and to conduce to the organic growth of the nation. In

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my humble opinion the provisions of the Bill in the main are not calculated to enable the universities to stimulate and expand the activities of the people but to chill and repress them within narrow bounds, and they will therefore be the reverse of beneficial in their effects on the social and political progress of the people."

The Hon'ble MR. GOKHALE said :—" My Lord, as this is the occasion on which the principle of the Bill may be usefully discussed, I cannot give a silent vote on the motion now before us, especially in view of the great attention which this subject has received during the last three years at the hands of both the Government and the public, and the angry controversy which has raged round it for most of the time. In the course of the Budget Debate of last year, Your Lordship, while referring to the attitude of the educated classes of this country towards University Reform, was pleased to observe—' Surely there are enough of us on both sides who care for education for education's sake, who are thinking, not of Party-triumphs, but of the future of unborn generations, to combine together and carry the requisite changes through.' My Lord, I do not know if my claim to be regarded as one of such persons will pass unchallenged. But this I venture to say for myself: I hope I have given, in my own humble way, some little proof in the past of my interest in the cause of higher education ; and that in the observations which I propose to offer to-day, the only consideration by which I am animated is an anxious regard for the future of Western education in this land, with the wide diffusion of which are bound up in large measure the best interests of both the Government and the people. My Lord, in your Budget speech of last year, Your Lordship complained of the unnecessary distrust with which the educated classes regarded the attitude of the present Government towards higher education. I can assure Your Lordship that even among those who have not been able to take the same view of this question as Your Lordship's Government, there are men who regret that the difficulties, which already surround a complicated problem, should be aggravated by any unnecessary or unjustifiable misapprehension about motives. But is it quite clear that the Government itself has been free from all responsibility in this matter, and that it has given no cause whatever for any misapprehension in regard to its object ? Let the Council for a moment glance at the circumstances which have preceded the introduction of this Bill. More than two years ago, Your Lordship summoned at Simla a Conference of men engaged in the work of education in the different Provinces of India. Had the Conference been confined to the educational officers of Government, one would

have thought that Government was taking counsel with its own officers only, and of course there would have been no misunderstanding in the matter. But the presence of Dr. Miller at the Conference at once destroyed its official character, and gave room for the complaint that the deliberations were confined to European educationists in India only. The fact that the proceedings of the Conference were kept confidential deepened the feeling of uneasiness already created in the public mind by the exclusion of Indians from its deliberations. Later on, when the Universities Commission was first appointed, its composition, as is well known, afforded much ground for complaint; and though, to meet public opinion half way, Your Lordship took the unusual step of offering a seat on the Commission, almost at the last moment, to Mr. Justice Guru Das Banerjee, the objection remained that, while Missionary enterprise was represented on the Commission in the person of Dr. Mackichan, indigenous enterprise in the field of education was again left unrepresented. The hurried manner in which the Commission went about the country and took evidence and submitted its report was not calculated to reassure the public mind. Finally, the holding back of the evidence, recorded by the Commission, on the plea that its publication would involve unnecessary expense, was very unfortunate, as other Commissions had in the past published evidence ten times as voluminous and the question of economy had never been suggested. Now, my Lord, every one of these causes of complaint was avoidable, and I cannot help thinking that a good deal of the misapprehension, which every right-minded person must deplore, would have been avoided, if Government had been from the beginning more careful in this matter. The task of reforming the University system in India was, in any case, bound to be formidable, and it was much to be wished that it had been possible to examine the proposals of Government on their own merits, in the clear light of reason, unobscured by passion or prejudice or misapprehension of any kind, on one side or the other.

"A misapprehension of the motives of the Government cannot, however, by itself, explain the undoubted hostility of the educated classes of this country to the present measure. And it seems to me to be clear that this sharp conflict of opinion arises from the different standpoints from which the question of higher education is regarded by the Government and the people. In introducing this Bill the other day at Simla, the Hon'ble Mr. Raleigh asked at the outset the question 'whether English education has been a blessing or a curse to the people of India.' And he proceeded to give the following reply:—'In point of fact it has been both, but much more, I believe, a blessing than a curse. We note every day the disturbing effects of a

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new culture, imposed upon learners who are not always prepared to receive it ; but still, it is a great achievement to have opened the mind of the East to the discoveries of Western science, and the spirit of English law. To the Schools and Colleges under our administration we owe some of the best of our fellow-workers—able Judges, useful officials, and teachers who pass on to others the benefit which they have received. To them also we owe the discontented B.A., who has carried away from his College a scant modicum of learning and an entirely exaggerated estimate of his own capacities—and the great army of failed candidates, who beset all the avenues to subordinate employment.' Here then we have the principal objection to the present system of University education authoritatively stated, *namely*, that it produces the discontented B.A. and a great army of failed candidates. The Hon'ble Member describes these classes as a curse to the country, and he claims that his proposals are intended to abate this evil. Now, my Lord, I would in the first place like to know why 'the army of failed candidates, who beset the avenues to subordinate employment' should be regarded as a curse by the Government any more than any other employer of labour regards as a curse an excess of the supply of labour over the demand. These men do no harm to anyone by the mere fact that they have failed to pass an examination or that they seek to enter the service of Government. Moreover, unless my Hon'ble friend is prepared to abolish examinations altogether, or to lay down that not less than a certain percentage of candidates shall necessarily be passed, I do not see how he expects to be able to reduce the evil of failed candidates. The Colleges on the Bombay side satisfy most of the conditions that the Hon'ble Member insists upon, and yet the problem of the failed candidates is as much with us there as it is here. As regards the discontented B.A., assuming that he is really discontented, will the Hon'ble Member tell me how his proposed reconstitution of the University will make him any more contented ? Does he not know that Indians educated at Oxford or Cambridge, who bring away from their Universities more than a 'scant modicum of learning' and a 'by no means 'exaggerated estimate of their own capacities' are found on their return to India to be even more 'discontented' than the graduates of the Indian Universities ? The truth is that this so-called discontent is no more than a natural feeling of dissatisfaction with things as they are, when you have on one side a large and steadily growing educated class of the children of the soil, and on the other a close and jealously-guarded monopoly of political power and high administrative office. This position was clearly perceived and frankly acknowledged by one of the greatest of Indian Viceroys—Lord Ripon—who, in addressing the University of Bombay in 1884, expressed himself as follows :—'I am very strongly

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impressed with the conviction that the spread of education and especially of Western culture, carried on as it is under the auspices of this and the other Indian Universities, imposes new and special difficulties upon the Government of this country. It seems to me, I must confess, that it is little short of folly that we should throw open to increasing numbers the rich stores of Western learning; that we should inspire them with European ideas, and bring them into the closest contact with English thought; and that then we should, as it were, pay no heed to the growth of those aspirations which we have ourselves created, and the pride of those ambitions we have ourselves called forth. To my mind one of the most important, if it be also one of the most difficult, problems of the Indian Government in these days is how to afford such satisfaction to those aspirations and to those ambitions as may render the men who are animated by them the hearty advocates and the loyal supporters of the British Government.' My Lord, I think it is in the power of Government to convert these 'discontented B.A.'s' from cold critics into active allies by steadily associating them more and more with the administration of the country, and by making its tone more friendly to them and its tendencies more liberal. This, I think, is the only remedy for the evil complained of, and I am sure there is none other.

"My Lord, in the speech of the Hon'ble Member, to which I have already referred, he has argued as follows:—The evils of the discontented B.A. and the great army of failed candidates cannot be combated without improving the methods of teaching and examination which produce these results. Such improvement cannot, however, be secured without reconstituting the Senates of the different Universities. Therefore it is that the Government has thought it necessary to come forward with the proposals embodied in the present Bill. Now, my Lord, I do not think the discontented B.A. will grow rarer or that the ranks of the army of failed candidates will become thinner, after this Bill becomes law. But even if this object of the Hon'ble Member be not likely to be achieved, I am willing to admit that it would be a great and worthy end to attempt an improvement for its own sake in the methods of teaching and examination, and if any one will make it clear to me that this end is likely to be attained by the adoption of the proposals embodied in this Bill, I shall be prepared to give my most cordial support to this measure. For, my Lord, I have long felt that our present methods of both teaching and examination are very imperfect and call for a reform. But as far as I can see, there is little in this Bill which will in any way secure that object. It is true that the Hon'ble Sir Denzil Ibbetson, in his brief but eloquent speech at the first reading,

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spoke of the necessity of raising the character of the teaching at present imparted in Colleges and he announced that Government had decided 'to make for five years special grants in aid of Universities and Colleges, whose claims to special assistance in carrying out the reforms which we have in view are established, subject to an annual limit of five lakhs of rupees.' The announcement is a most welcome one, but it is difficult to see what reforms the Government has in view, and until further details about the Government scheme are forthcoming, no definite opinion can be pronounced on it. Moreover, we are just now considering the Bill, and so far as its provisions are concerned, there need not be the least change in the present state of things, so far as the Colleges in the Bombay Presidency are concerned. But, my Lord, while it is difficult to allow the claim of the Hon'ble Mr. Raleigh that this Bill will lead to an improvement in the methods of teaching and examination, there can be no room for doubt that the first and most obvious effect of the passing of this measure will be to increase enormously the control of Government over University matters, and to make the University virtually a Department of the State. This increase of control is sought to be secured both directly and indirectly—directly by means of the new provisions about the acceptance of endowments and the appointment of University Professors and Lecturers, the affiliation and disaffiliation of Colleges and the making of regulations—and indirectly by the proposed reconstruction of the Senate and the power of censorship in regard to its composition, which Government will now be able to exercise every five years. My Lord, if Government cannot trust the Senate even to accept endowments without its own previous sanction, or to make appointments to endowed Professorships or Lectureships, if Government is to have the power to affiliate or disaffiliate any institution against the unanimous opinion of both the Senate and the Syndicate, if it may make any additions it pleases to the regulations submitted by the Senate for its sanction and may even in some cases make the regulations itself without consulting the Senate, I do not see that much dignity or independence is left to the Senate under such circumstances. And when in addition to so much direct control, Government takes to itself the power of not only nominating practically nine-tenths of the Fellows but also of revising their lists every five years, I think no exception can be taken to the description that the Senate under the circumstances becomes a Department of the State. My Lord, much was said during the last three years about the necessity of giving a preponderant voice to men actually engaged in the work of education in the deliberations of the University; very little, on the other hand, was heard about the necessity of increased Government control. In the proposals, however, with which Govern-

ment has now come forward, while no statutory provision has been made for a due representation of Professors and teachers in the composition of the Senate, Government has virtually absorbed nearly all real power and made everything dependent upon its own discretion. The spirit in which the Government has chosen to deal with the Universities in this Bill appears to me to be more French than English. Was it really necessary to revolutionize their position so completely in the interests of education alone? After all Government itself is responsible for the composition of existing Senates, and what guarantee is there that the power of nomination, which has been admittedly exercised with considerable carelessness in the past, will be used any better in the future? Moreover, there are men on the existing Senates who have all along taken great interest in the affairs of the Universities, but who have perhaps made themselves disagreeable to those who are regarded as the special representatives of Government in those bodies. And it is very probable that these men may not be included among those who will now form the reconstructed Senates. If this happens, will it be just? My Lord, I am personally not opposed to the idea of a limited Senate, and were the question not complicated by fears of probable injustice in the first reconstruction, I should even be disposed to support the idea strongly. I also recognize that if we are to have a limited Senate, it is necessary to provide for a certain number of seats falling vacant every year, so that there should be room for a continuous introduction of qualified new men; and if these vacancies cannot be expected to arise in the natural course of things—by retirement or death—it is necessary to make the Fellowships terminable. But one essential condition in a scheme of a limited Senate with terminable Fellowships is that a large proportion of seats should be thrown open to election, so that those, who do not see eye to eye with the special representatives of Government, may not be deterred from taking an independent line by the fear of displeasing Government. But to make the Fellowships terminable in five years and to keep practically nine-tenths of the nominations in the hands of Government will, in my humble opinion, seriously impair all real independence in the deliberations of the University. My Lord, there are, in the special circumstances of this country, three different interests which really require to be adequately represented in the University Senate. There is first, the Government which is of course vitally concerned in the character of the education imparted; then there are the Professors and teachers who are actually engaged in the work of instruction; and last, but not least, there are the people of this country, whose children have to receive this education and whose whole future is bound up with the nature of the educational policy pursued. These three interests are not—at any rate, are not always thought to

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be—identical, and I think it is necessary to secure an adequate representation to each one of them. My Lord, I feel that it is only reasonable to ask that as far as possible each interest may be represented by about a third of the whole Senate. Thus, taking the case of Bombay, I would fix the number of ordinary Fellows at 150, and of these, I would have 50 nominated by Government, 50 either elected by or assigned to different Colleges, and the remaining 50 thrown open to election by the graduates of different Faculties of more than ten years' standing. In giving representation to Colleges, I would take into consideration all those points which the Government wants to be considered in affiliating an institution. Of course a majority of the representatives of Colleges will as a rule vote with Government nominees, and Government will thus have a standing majority in favour of its views. I would make these Fellowships terminable at the end of ten years, which would provide for 15 vacancies every year. I venture to think, my Lord, such a plan will duly safeguard all the different interests. I may mention that in the new Constitution of the London University, out of 54 Fellows, 17 are elected by graduates, 17 by Professors and teachers, 4 are appointed by the Crown, and the rest are nominated by certain bodies and institutions. Failing the plan which I have suggested, I would support the scheme proposed by the Hon'ble Mr. Justice Guru Das Banerji in his minute of dissent. It is impossible for me to support the proposals put forward on this point by Government in the Bill.

“ My Lord, I must not discuss any of the details of the Bill at this meeting, though I have a good deal to say about many of them. But one or two remarks I will offer on two other points, which in my opinion are points of principle. The first is the provision in the Bill to give at least half the number of seats on the Syndicate for the different Faculties to Professors and teachers. My Lord, I am opposed to this provision. I would give a large representation to these men on the Senate, but having done that, I would leave the Syndicate to be composed of those whom the Senate considers to be best qualified. How would the proposed provision work in the case of the Bombay University? In the Faculty of Arts, the provision will not cause any inconvenience, and, as a matter of fact, the present practice is to have half the men in this Faculty from the ranks of Professors. But in the Faculty of Law, what will be the result? There is only one Law School in Bombay, which is a Government Institution. The Professors are generally junior barristers, who stick to their posts, till they get on better in their profession. They are generally not Fellows of the University. And yet, if this provision is adopted, they will first have to be appointed Fellows and then straightway one of them

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will have to be put on the Syndicate, in place of a High Court Judge or a senior barrister, who represents the Faculty at present on the Syndicate. Again, in the Faculty of Engineering, the present practice is to elect eminent Engineers in the service of Government. The Engineering College of the Presidency is at Poona, and it will be a matter of serious inconvenience to insist on one of the Professors of that College being necessarily elected a Syndic. Moreover, my Lord, I really think it is not desirable to prop thus by means of the statute men whom the Senate—and especially the reconstructed Senate—does not care to put on the Syndicate. Another point on which I would like to say a word is the provision in this Bill that henceforth all institutions applying for affiliation must satisfy the Syndicate that they have provided themselves with residential quarters. In the first place, what is to happen, if they build the quarters and then find that affiliation is refused? And secondly, I submit that such a condition will practically prevent the springing into existence of new Colleges and will, if made applicable to old Colleges, as the Syndicate is empowered to do, wipe out of existence many of those institutions—especially on this side of India—which in the past have been encouraged by the Government and the University to undertake the work of higher education. I freely recognize the great advantages of residence at a College, but if I have to choose between having no College and having a College without residential quarters, I would unhesitatingly prefer the latter alternative. My Lord, the people of this country are proverbially poor, and to impose on them a system of University education, which even a country like Scotland does not afford, is practically to shut the door of higher education against large numbers of very promising young men.

“My Lord, I have spoken at so much length at this stage of the Bill, because the issues involved in this attempt at reform are truly momentous. I confess that there is a good deal in this Bill with which I am in hearty sympathy. But the main provisions of the Bill are so retrograde in character that it is impossible for me to support the measure. My Lord, I have already admitted and I admit again that there are serious defects in the methods of teaching and of examination pursued at present in this country. But the present Bill in my opinion offers no remedy calculated to cure the evil. I really think, my Lord, that the Government has begun the work of University reform at the wrong end. It is not by merely revolutionizing the constitution of the Universities that the object, which all well-wishers of higher education in this land have equally at heart, will be attained. It seems to me that the first step in the work of real reform is for Government to make its own Colleges model Colleges. Bring out from England the best men available for this work.

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I would place them on a level with members of the Civil Service, as regards pay and promotion. When I think of the great responsibilities of these men—of how much of the future of this country and of British rule depends upon the influence they succeed in exercising on the young minds committed to their care—and when I think of the more or less stereotyped character of the work which a majority of the Civilians have at present to perform, I am astonished that Government does not see how necessary it is to secure even a better type of men for its Colleges than for the administration of the country. If Government will bring out only the best men available—men who know how to combine sympathy with authority and who, for their learning and character, will continue to be looked up to by their pupils all their life,—there will, in a few years, be a marked change in the tone of Government Colleges in India. And the private Colleges will find themselves driven to work up to the level of Government institutions. One word more on this subject and I have done. Let not Government imagine that, unless the education imparted by Colleges is the highest which is at the present day possible, it is likely to prove useless and even pernicious; and secondly, let not the achievements of our graduates in the intellectual field be accepted as the sole or even the most important test to determine the utility of this education. I think, my Lord—and this is a matter of deep conviction with me—that in the present circumstances of India, *all* Western education is valuable and useful. If it is the highest that under the circumstances is possible, so much the better. But even if it is not the highest, it must not on that account be rejected. I believe the life of a people—whether in the political or social or industrial or intellectual field—is an organic whole, and no striking progress in any particular field is to be looked for, unless there be room for the free movement of the energies of the people in all fields. To my mind the greatest work of Western education in the present state of India is not so much the encouragement of learning as the liberation of the Indian mind from the thralldom of old-world ideas, and the assimilation of all that is highest and best in the life and thought and character of the West. For this purpose not only the highest but *all* Western education is useful. I think Englishmen should have more faith in the influence of their history and their literature. And whenever they are inclined to feel annoyed at the utterances of a discontented B.A., let them realize that he is but an incident of the present period of transition in India, and that they should no more lose faith in the results of Western education on his account than should my countrymen question the ultimate aim of British rule in this land, because not every Englishman who comes out to India realizes the true character of England's mission here."

The Hon'ble MR. RALEIGH said :—" My Lord, only the general principles of the Bill are to be discussed to-day, and my hon'ble colleagues have really left me little to say. I might leave the powerful arguments advanced in support of Government to serve as an answer to our critics. But the challenge thrown down by the Hon'ble Saiyid Muhammad and the Hon'ble Mr. Gokhale is so direct that I feel bound to deal with it to the best of my ability.

" We may be asked, and, as the Hon'ble Mr. Bilderbeck has told us, we are asked to consider the question whether we have proved the necessity for the changes we propose. I do not in any way disparage the excellent work which has been done in the past, but we have an accumulating mass of evidence to shew that much remains to be done. We have before us the opinions expressed by high scientific authorities like Sir William Ramsay, and we have, as the Hon'ble Mr. Pedler has reminded us, the implied judgment passed upon Indian Universities when they were left out of the programme of the Conference of British Universities recently held in London. That judgment impressed me so much that I made representations to some of my friends in England, pointing out that, whatever our defects may be, our Colleges can shew a long roll of able teachers, many of them graduates of English Universities : in their name I ventured to claim a place for Indian Universities among the Universities of the Empire. I am glad to know that our claim will be admitted, and that when the next Conference is held, our Universities will not be unrepresented.

" Extension of University work and improvement of University methods must, as Mr. Bilderbeck said, be to some extent a question of funds. Everybody who takes a practical interest in the matter must feel that it may be long before our resources are adequate to our ambition. But Government is prepared to do what it can, and we must hope that help from other quarters will not be wanting.

" My hon'ble colleague Mr. Morison has stated that one of the main objects of the Bill is to place a larger control over the higher education of the country in the hands of those who are professionally acquainted with the subject. There can be no doubt that one result of the present constitution of our Senates has been that academic opinion has not carried all the weight to which it is entitled. We propose to alter that in the future. The Hon'ble Member went on to suggest that we should strengthen the Bill by requiring that two-thirds of the Senate should be persons engaged in teaching.

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That is perhaps a question for Committee, but when we come to prescribe the mode in which effect is to be given to a general principle, we must not lose sight of the fact that we are legislating for five Universities, differing in their history, and also in their usages and ideas. It may not be necessary to provide that the proportion of the teaching element in the Senate should be the same in all cases.

“The speech of the Hon’ble Saiyid Muhammad turned in great part on questions connected with the Universities Commission, and this is not an appropriate occasion to resume the defence of that much-enduring body. But when the Hon’ble Member selects certain sentences from the Report of the Commission which embody, as he thinks, the principle of this Bill, I can only say that those sentences describe quite accurately the situation which this Bill is intended to meet. It is better for India that a smaller number (of course I do not admit that the number need be or will be smaller) should receive a sound liberal education than that a larger number should be hurried through inadequate courses of instruction, leading to a depreciated degree. The statement partakes of the nature of a truism. Does the Hon’ble Member contend that any good whatever is attained by hurrying young men through courses of inadequate instruction? And, if efficiency is not to be our paramount consideration, I should like to be told exactly what is the consideration to which efficiency is postponed.

“The Hon’ble Member regards this Bill as a measure designed to check and thwart the aspirations of the people of India. I say in reply that the object of Government has been, not to check those aspirations, but to evoke and strengthen them. We ask you to look at the best Colleges elsewhere, to consider all that goes to the making of a good College, the manifold provision which it should make not only for the instruction but for the general welfare of its students, and to resolve that you will make the Colleges of India as good as the best. That is work which cannot be done by Government alone, and the policy of the Bill can only be carried out with the aid of voluntary effort.

“I come now to the speech of the Hon’ble Mr. Gokhale. I listened to that speech with a feeling of profound disappointment. We all readily admit the Hon’ble Member’s right to be heard on any University question, but we expected from him, not only an acute opinion on the Bill (that he has given us) but some friendly recognition of the effort Government is making to promote reforms which he has himself admitted to be necessary. Instead of this we have a speech which strikes the note of distrust in Government, and my hon’ble colleague went on to justify his distrust by a

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series of arguments which I can only describe, if he will pardon me the expression, as captious and irrelevant. Do we come here, at this time of day, to discuss the Simla Conference? The Conference was an official meeting, for surely the presence of Dr. Miller was not enough to deprive it of its official character. It is not a matter for this Council, it is entirely in the discretion of Government to determine how the advice of its officers may best be used for the public advantage. And again, are we to go back upon the complaints, so often made and so often answered before, as to the composition or conduct of the Commission? Assuming that all Mr. Gokhale's statements are well founded, has he said anything that detracts from the importance of the deliberate findings of the Commission? What you have to deal with is the fact that a body of men with long and varied experience of University work, after an inquiry extending over months (the Hon'ble Member is pleased to say it was hurried) have recorded their opinion that certain changes in our system are urgently required. I have never denied that, in carrying out these changes, Government may make mistakes. But if Mr. Gokhale has a right to remind us that mistakes of Government have hampered the success of our educational system, I hold that the disastrously mistaken sentiment which pervaded his own speech has not been without its evil effect.

"My hon'ble colleague admits that some reforms are necessary, but he says that improvements in our teaching methods will not be effected by this Bill. On both points, I entirely agree with him. When the Bill was introduced, I disclaimed altogether the fanciful idea that new methods can be imposed on five Universities by a single act of legislation. All that we propose now is, to put the Universities in a position to act for themselves.

"Both Hon'ble Members who have spoken against the Bill seem to regard it as a measure which is intended to make Government control closer and more stringent than it is at present. On the contrary, this is a Bill for enlarging the sphere of University action. Government control is and always has been a part of our system; in the Acts of 1857 control was established, first, by requiring all University regulations to be submitted for the sanction of Government, and secondly, by requiring that the institutions which present candidates for University degrees shall be authorized by Government. The Bill makes no essential change in these respects. In the future, as in the past, regulations will go to Government for sanction. We invite the Universities to make their regulations complete and systematic (a demand with which, I ought to say, Madras has already complied), and we suggest that they should take this opportunity to revise their rules, and to strengthen their organisation in those points where the Report of the Commis-

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sion indicates the necessity of amendment. It is true that the Bill confers on Government a limited and temporary power of interference, which may in some cases extend even to the making of new regulations. But I explained in introducing the Bill that this power would not be used to force uniformity of system, or to displace rules which may be approved by local opinion. A part of Mr. Gokhale's argument seems to resolve itself into the assertion that Government will do what Government has carefully and explicitly said it will not do.

"In like manner, when we deal with affiliation of Colleges, we leave the final decision to Government, but we provide the Universities with what at present they lack—a regular procedure, the whole object of which is to secure that Government shall take action only after a careful inquiry, conducted by University authorities. As the famous Despatch of 1854 has been frequently quoted against us, I should like to point out that, while the Despatch contemplated the inspection of Colleges by officers of Government, we now propose that the work of inspection should be entrusted to University agencies.

"I need not enter further into detail; the composition of the Syndicate, the scope to be given to the elective principle—these, and some other matters touched upon by Hon'ble Members, may be discussed more fully in the Select Committee. My object has been to show that the Bill is a sincere effort to begin the process of raising our academic standards, and that we are entitled to ask for the co-operation of all who are interested in the progress of higher education in this country."

His Excellency THE PRESIDENT said :—"I had not intended myself when I came into this room this morning to say anything at this stage of the Bill. A better opportunity will perhaps present itself when the Bill has been discussed in Committee and when it appears in its more final shape before this Council. But certain of the speeches to which we have just listened, and to which my Hon'ble Colleague sitting on my left (Mr. Raleigh) has delivered, if I may say so, a most effective and powerful reply, challenged so directly the principles and policy of the Government that I feel myself impelled to follow his example in making a few observations on certain points. We feel in this matter that we stand upon ground so firm that we are prepared to resist and to repel every assault upon it, and when these assaults are delivered, as in some cases they have been this morning, under circumstances of unjustifiable suspicion, I think we are entitled as the responsible Government of the country to make our own position clear.

“ My Hon’ble friend, Mr. Gokhale, spoke as an expert on educational matters, and he spoke with that sincere regard for the interests of his own people which never fails to inspire his speeches. Regard for the interests of his own people sometimes, I think, renders him a little unfair as regards the interests and points of view of others. He was endeavouring, as my Hon’ble friend the Legal Member has pointed out, to explain the circumstances in which the views and attitude of the Government of India about education are regarded with suspicion by his fellow-countrymen, but all that he had to say on this point was summed up in a few insignificant charges about the exact course of our proceedings during the past three years. I only wish to supplement what the Hon’ble Mr. Raleigh said about the Simla Conference by adding that that Conference was a private Conference summoned by myself in order to enable me to ascertain the trend of public and expert opinion in India upon educational matters, and that I invited the Revd. Dr. Miller to join it because he was the senior Educational expert in India—a man who had served on Lord Ripon’s Commission twenty years ago, and who would present to me something else than the official point of view. Are we not always being accused by the school which the Hon’ble gentleman represents of treating everything upon strictly official lines, and if we go outside of them, are we then to be subject to his attack for selecting the most competent exponent whom we can find of the unofficial point of view? I summoned that Conference in order that I might have at my right hand some body of opinion more authoritative and better informed than the Home Department. Nothing would have been easier than to have started the work of reform of education in India on strictly Departmental lines, and nobody would have been more quick to denounce us than the Hon’ble Mr. Gokhale for taking such a step. The proceedings of the Conference were private, because it was an advisory Conference, which was intended to acquaint the Government with the views that were entertained by the Educational authorities before we framed any proposals. Well, I really cannot proceed to discuss the question of the constitution of the subsequent Commission. It may safely be said that no Commission can be constituted by the Government of India that will give satisfaction to all classes of the Indian community. I suppose that I have taken more trouble than anybody else about Commissions. I have to represent provinces, interests, classes, creeds, upon them, and I have spent many hours of time in the attempt to make these Commissions fair. But we never get any thanks for our efforts, and then long afterwards we are liable to these belated charges. The Hon’ble Member spoke about the hurried labours of the Commission. The question is

[18TH DECEMBER, 1903.]

[*The President.*]

not whether the labours of the Commission were hurried, but whether they were scamped. Nobody, so far as I know, has ever brought against the Commission the charge that, if its labours were conducted with considerable rapidity, they were not conducted well. It visited all parts of the country, collecting important opinions from every class entitled to be consulted, and the fact that it conducted its proceedings with despatch is, in my opinion, to its credit rather than the reverse. I would ask the Hon'ble Member whether the end which he in common with ourselves desires to see produced is likely to be effected if the conduct of Government is always to be regarded with the sort of suspicion that he evidently entertains. I thought that in the present case I had done everything in my power to remove every legitimate cause for such an attitude in the matter of this Bill. Years have now passed since I first took up the subject shortly after coming to India. During that time we have appointed a Commission which has travelled about the country, taken evidence in every direction, and issued its Report. We have consulted public opinion, Local Governments, public bodies, Universities, Senates, times without number. We have endeavoured, by every sort of reasonable concession, to meet their views. I think that my first speech announcing educational reform in India as one of the charges that I had taken upon myself was made at the Convocation of the Calcutta University in 1899. In February next five years will have elapsed since that speech was made, and we shall not yet have carried our proposals. The charge that might much more reasonably be brought against me, instead of going too quick or instead of not paying adequate attention to the public view, might be that I have gone too slow. I do not think that these suspicions are generally shared by the Indian community. I believe that they are grateful for the opportunities that have been offered to them at each stage, even up to the last, of expressing their views, and my own feeling, looking to all the opinions that we have received, is one of gratification at the degree to which, considering the passions that were excited a year and a half ago, we have now approximated to uniformity. I am even not without hope that the Hon'ble Member himself, who has made a rather violent speech today, will modify his views when the Select Committee meets to consider the details of the Bill.

“ The Hon'ble Mr. Morison made one complaint about which I should like to say a word. He entertained the view that the Bill deals rather with the machinery of education than with the principles. And he explained what he meant by saying that the object of the Bill is clearly to place education in

[*The President.*] [18TH DECEMBER, 1903.]

more expert hands. It is quite true that that is one of the objects of the Bill. And it is an important object. But I should be seriously disappointed if the Bill did not do very much more than that, or if the principles underlying it were limited to the narrow definition which the Hon'ble Member has applied to them. I have not come here with any tabulated category of the principles of the Bill to lay before this Council or before the Hon'ble Member, but at the same time I think that to anyone who reads the Bill they are patent on its surface. Its main principle is of course, as pointed out by the Hon'ble Mr. Pedler, to raise the standard of education all round, and particularly of higher education. What we want to do is to apply better and less fallacious tests than at present exist, to stop the sacrifice of everything in the colleges which constitute our University system to cramming, to bring about better teaching by a superior class of teachers, to provide for closer inspection of colleges and institutions which are now left practically alone, to place the government of the Universities in competent, expert, and enthusiastic hands, to reconstitute the Senates, to define and regulate the powers of the Syndicates, to give statutory recognition to the elected Fellows, who are now only appointed upon sufferance—and on that point I have a word to say in a moment in reply to Mr. Gokhale,—to show the way by which our Universities, which are now merely examining Boards, can ultimately be converted into teaching institutions; in fact, to convert higher education in India into a reality instead of a sham. These are the principles underlying our Bill. I will not labour them, but I hope I have said enough to show my Hon'ble Colleague that we have something in view much wider and more important than the somewhat narrow intentions that he has ascribed to us. When I spoke just now about the attitude of suspicion that is adopted by the Hon'ble Mr. Gokhale, I could not give a more striking illustration than the remarks he made about the election of Fellows. At the present moment there is no right to elect Fellows at all. It exists only on sufferance on a plan first tentatively proposed by Lord Lansdowne some years ago when Chancellor of the University and since continued. Calcutta at the present moment has something like 18 or 20 out of a total of 170 or 180 Fellows. Now, we propose in the Bill to take this great step forward: namely, to give statutory recognition to these elected Fellows, and to fix a definite number which they shall always enjoy. The Hon'ble Member spoke about nine-tenths of the future Senate being nominated by Government. He was mistaken; we propose in this Bill to give one-fifth of the Senate, or 20 out of a total of 100 to selection. And yet when this substantial favour, more than has ever hitherto

[18TH DECEMBER, 1903.] [The President.]

been asked for, certainly more than it has ever been contemplated to give, is offered, the Hon'ble Member infected with his own ideas and prejudices, comes forward and practically makes the matter a charge against Government instead of a cause of thanks and congratulation. He spoke of an ideal University which was to consist of a Senate of 150 persons, of whom I understood that only 50 were to be appointed by the Government and the other 100 were to be elected. I should like to see how soon the machinery of such an institution would break down.

“The only other general considerations to which I would like to draw attention today are these. I would ask Council and the public to bear in mind that we are not departing in any degree from the principles which have underlain the course of education hitherto pursued. We regard this Bill as the logical supplement of the famous Despatch of 1854 and the Report of the Education Commission of 1882, and of all that has gone since. Here at length after a careful examination of the existing system lasting over a period of years, after listening to expert advice drawn from every University and from every part of the country, and after considering the remedies that have been put forward by all those whom we have consulted, we are adopting a measure, with, I think, a large and gratifying consensus of opinion behind it, which is intended to purify our system in India of its existing defects, of the defects which must attach to purely examining Universities anywhere, but which are peculiarly rampant in India, owing to the fact that we have given to this country a foreign system of education in which mnemonic tests play a large part, owing to the conditions under which it is imparted, and owing also to the characteristics of the Indian mind. Well, when we take this measure in hand all the recognition that we get from the Hon'ble Member is the charge that we desire to make the Universities a Department of State. This is one of the bug-bears which seem to be inseparable from the manner in which so many public questions are regarded in this country—the idea that Government is everywhere endeavouring to snatch or steal something that ought to belong to somebody else, and to concentrate everything in its own possession. After being five years at the head of the Government of India I say deliberately that any Government would be foolish and suicidal that was animated by any such conception. We are already overburdened with work; we are anxious to throw it off at every turn; and the idea that we should desire to add to our overwhelming labours by taking higher education out of the hands of people who are competent to deal with it

[*The President.*] [18TH DECEMBER, 1903.]

and monopolising it ourselves is not one that could be entertained by any one who was familiar with the inner workings of the Government. I remember that when after the Simla Conference we appointed a Director-General of Education in India, the same fears were entertained. It was said that the Government was anxious to centralise everything, to crush the independence of Local Governments and Universities, and that one iron rule would be made to apply to the whole country. I deprecated any such construction at the time. All that we wanted was that at head-quarters we should have a qualified authority to advise us; that something like uniformity should be introduced into the chaos at that time prevailing; and that there should be a channel of communication between the centre and the extremities. I am not aware that Indian education has become in consequence any more centralised than it was before, and when this Bill passes into law I have no fear whatever that, although Government is asserting its proper influence over education, any fair-minded critic can say that we are trying unduly to subordinate it to the State. But I would not base my reply to the Hon'ble Member solely on these grounds. Though we do not want to departmentalise the Universities, Education is not only one of the foremost duties of Government, but it is perhaps the highest of all. To allow the system of education in this country to fall to pieces would be one of the severest charges that could be brought in any indictment against the administration of India. We are bound to take to some extent into our hands the charge of higher education in this country: we cannot leave it to accident: we cannot entrust it exclusively to Missionary or other agencies, valuable as is the work done by those bodies in this country: we cannot hand it over to private enterprise, since the resources of this are soon exhausted, as the Hon'ble Mr. Bilderbeck pointed out in his remarks about his own province of Madras: above all, it would never do in my view for Government to leave education in India to the disastrous effects of the sort of commercial rivalry that now prevails. For these reasons I have always held the view, that Government must itself accept its share of the burden. Later on I hope that we shall be able to relinquish a portion of the charge, but at the present moment it is indubitable that Government must assume a larger responsibility than it has hitherto done, although, as Mr. Raleigh has reminded us, all that we are doing is to develop principles and to exercise powers already in existence.

"Now, I have only this to say in addition. The Hon'ble Mr. Pedler in his remarks alluded to some observations that fell from me, when first I spoke on this question at the University of Calcutta five years ago. There has scarcely been a week since then in which the matter has not

[18TH DECEMBER, 1903.] [*The President; Mr. Arundel.*]

been in my mind. I could not have left India happy, indeed I should have left it ashamed, had I looked on helplessly during these five years at the great mass of intellectual energy which exists in this country, because its existence I do not for a moment dispute, being mis-spent or flowing into improper channels. I could not look on without compunction at teachers spending their lives and abilities in India on unfruitful and heartbreaking service, at pupils learning the wrong thing, or learning the right thing wrongly, at the welfare of future generations of young Indians being sacrificed to depreciated standards or subordinated to mistaken tests. I believe it is in our power to correct some at any rate of these evils, and to give a positive lift forward to education in India that will not be exhausted for years, and that will powerfully affect the future of the race. I hope that Council will not throw away the opportunity that is presented to them by the introduction of this Bill, and that those Hon'ble Members who will serve upon the Select Committee will, as the representatives of India in dealing with this important question, not be unmindful of the heavy responsibility that has been placed upon their shoulders."

The motion was put and agreed to.

CENTRAL PROVINCES CIVIL COURTS BILL.

The Hon'ble MR. ARUNDEL moved that the Bill to consolidate and amend the law relating to Civil Courts in the Central Provinces be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Rai Bahadur B. K. Bose and the mover, with instructions to report within one month. He said:—"My Lord, since I introduced the Bill to consolidate and amend the law relating to Civil Courts in the Central Provinces, certain suggestions have been received regarding it which are not of a purely verbal nature, and one of which would have the effect of extending its scope. It is desirable to have the details examined by a small Select Committee. I beg leave therefore to move that the Bill be referred to a Select Committee consisting of the Hon'ble Mr. Raleigh, the Hon'ble Rai Bahadur B. K. Bose and myself".

The motion was put and agreed to.

The Council adjourned to Friday, the 8th January, 1904.

CALCUTTA :
The 22nd December, 1903. }

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

APPENDIX A.
[*Vide the Hon'ble SAYYID HUSAIN BILGRAMI's speech.*]
Comparative View of State Expenditure on Education.

COUNTRY.	Source of Information.	Year for which figures are taken.	STATE PORTION OF EXPENDITURE ON EDUCATION.		State portion of the cost of Education per pupil.	State portion of the cost of Education per head of population.	REMARKS.
				In rupees.			
INDIA . . .	Cotton's <i>Quinquennial Report</i> , 1896-97.	1896-97	...	(a) 9,55,22,985	Rs. 2'5	Rs. '04 or 77 ps.	
ENGLAND . . .	Report of the Commissioner of Education, United States, 1898-99, Vol. I.	1897	(b) 38,513,373 dollars	12,03,54,291	Rs. 18'4	Rs. 3'9	
FRANCE . . .	Ditto . . .	1898	(c) 39,775,615 dollars	12,42 98,797	Rs. 19'1	Rs. 3 2	
RUSSIA . . .	Statesman's Year Book, 1902.	1900	(d) 33,588,128 roubles	5,24,81,450	Rs. 11'6	Rs. '4 or 6'4 ans.	
UNITED STATES . . .	Report of the Commissioner of Education, U. S., 1898-99, Vols. I, II.	1898-99	(e) 37,179,385 dollars	11,61,86,578	Rs. 6'9	Rs. 1'6	
GERMANY . . . [For elementary education only.]	Statesman's Year Book, 1902.	1899	(f) 69,305,000 marks	5,19,78,750	Rs. 6'5	Re. 1'0	

(a) Sum-total of direct and indirect expenditures from *Provincial Revenues*. *Vide* General Table IV, Cotton's Report.

(b) Current (direct) expenditure only, detailed as follows :—

Government Annual Grant for elementary schools	22,405,930 dollars	} <i>vide</i> page 4	} Vol. I, Comr.'s Report.
„ Fee Grant do.	11,351,725 „		
State appropriation for normal schools for elementary teachers	795,489 „ „ „ 6		
Government Annual Grant to Scientific and Art Dept.	3,060,229 „ „ „ 34		
Total		38,513,373 dollars	

= Rs. 12,03,54,291 [1 dollar = 4s. 2d. or 50d. = 50 as. or Rs. 3'2.]

(c) Current expenditure only. *Vide* page 1088. Vol. I, Comr.'s Report.

(d) (Actual) State Finance ordinary expenditure on Public Instruction. *Vide* page 904, Statesman's Year Book.

[1 rouble = $\frac{1}{2}$ dollar = 2s 1d. = Rs. 1'9.]

(e) Detailed as follows :—

Receipts from State taxes for common (Public Elementary and Secondary) Schools.

= 36,197,338 dollars. *Vide* page 13, Vol. I, Comr.'s Report.

United States Government appropriation for Universities and Colleges.

= 982,047 dollars. *Vide* page 1600, Vol. II, Comr.'s Report.

Total = 37,179,885 dollars.

(f) Immediate Expenditure from State funds on Elementary education. *Vide* page 644, Statesman's Year Book.

[20 marks = £1 = Rs. 15.]

APPENDIX B.

[*Vide the Hon'ble SAYYID HUSAIN BILGRAMI'S speech.*]*Comparative Statistics of Scholars under Instruction.*

COUNTRY.	No of Students under instruction (excluding unrecognised Private Schools).	Population.	REMARKS.
INDIA. Number on 31st March, 1897 . Average monthly Number, 1896-97.	3,788,382 } 3,640,273 } (a)	(b) 232,490,022	(a) <i>Vide</i> General Table III, Cotton's Report. Either figure may be used in working out the cost per pupil. (b) <i>Vide</i> General Table I.
ENGLAND. Total enrollment in colleges and schools (rough estimate).	(a) 6,525,404	(b) 31,055,035 (c) <i>vide</i> page 10 estimated for 1897.	(a) <i>Vide</i> page 9, Commissioner's Report, Vol. I. Includes figures for Universities and 4 technical institutes for 1898 and those for the secondary, primary and primary normal schools, also Science and Art Department schools for 1897.
FRANCE. Number enrolled in public and private schools and colleges.	(a) 6,494,845	(b) 38,517,975	(a) <i>Vide</i> page 1088, Commissioner's Report, Vol. I. Includes figures for Universities for 1898, those for the schools for 1897. (b) <i>Vide</i> page 1085 for 1896.
RUSSIA. Number in universities, middle schools and elementary schools.	(a) 4,507,762	(b) 129,000,000	(a) <i>Vide</i> pages 988 and 989, Statesman's Year Book. (b) <i>Vide</i> page 982, Statesman's Year Book.
UNITED STATES. Number in public and private colleges and schools.	(a) 16,738,362	(b) 73,960,220	(a) <i>Vide</i> page XII, Commissioner's Report, Vol. I. (b) <i>Vide</i> page XII, Commissioner's Report, Vol. I, Estimated.
GERMANY. Number in elementary schools only.	(a) 7,925,000	(b) 49,428,470	(a) <i>Vide</i> page 640, Statesman's Year Book, figure for 1891. (b) <i>Vide</i> page 640, Statesman's Year Book, on December 1, 1890.

APPENDIX C.

[Vide the speech of the Hon'ble MAJOR-GENERAL SIR EDMOND ELLES.]

Statement showing the total revenue (Home and India) and the net Expenditure (Home and Indian) under Military, Marine, Military Works, and Special Defences from 1883-84 to 1902-03, and the proportion of the total net expenditure each year to General Revenues.

YEAR.	Total Revenue.	NET EXPENDITURE.						TOTAL.	Percentage to Revenue.
		India Military	Home Military.	Military Works (Home and India).	India Marine.	Home Marine.	Special Defences (Home and India).		
	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.	Rx.
1883-84 . . .	71,842,020	11,048,392	6,107,081	975,397	170,647	195,675	...	18,497,192	25'74
1884-85 . . .	70,690,681	11,292,633	4,856,000	909,232	131,384	153,071	...	17,342,320	24'53
1885-86 . . .	74,464,197	14,361,135	4,772,772	927,762	127,722	142,131	...	20,331,522	27'30
1886-87 . . .	77,337,134	13,706,298	4,833,741	873,254	321,646	229,508	325,626	20,290,073	26'23
1887-88 . . .	78,759,744	14,103,208	5,253,911	1,191,647	260,166	141,047	456,017	21,405,996	27'18
1888-89 . . .	81,696,678	13,807,515	5,431,963	1,065,662	178,812	101,640	789,595	21,375,187	26'16
1889-1890 . . .	85,085,203	14,064,725	5,668,382	1,094,944	209,675	105,888	689,481	21,833,095	25'66
1890-1891 . . .	85,741,649	14,069,220	5,835,213	1,176,631	132,049	113,638	491,837	21,818,588	25'44
1891-92 . . .	89,143,283	15,021,639	6,478,558	1,164,724	158,000	133,321	604,848	23,561,090	26'43
1892-93 (a) . . .	60,086,914	9,866,033	4,842,420	764,930	111,148	288,908	298,814	16,170,253	26'91
1893-94 . . .	60,286,201	10,131,062	4,368,101	754,881	80,394	243,704	206,837	15,784,979	26'18
1894-95 . . .	63,261,489	10,240,802	4,216,571	626,672	84,188	184,485	127,057	15,479,775	24'46
1895-96 . . .	65,422,550	11,516,416	4,060,487	765,466	76,103	235,915	59,729	16,714,116	25'54
1896-97 . . .	62,621,932	10,958,147	4,133,338	727,841	87,742	212,444	58,370	16,177,882	25'83
1897-98 . . .	64,257,207	13,035,471	4,197,825	740,952	77,986	212,358	15,059	18,279,651	28'44
1898-99 . . .	67,595,815	11,100,271	4,284,771	771,493	82,132	204,215	974	16,443,856	24'32
1899-1900 . . .	68,637,164	10,188,377	3,977,366	801,782	49,390	327,355	874	15,345,144	22'38
1900-1901 . . .	75,272,291	9,859,176	4,406,349	747,187	74,522	351,036	6,864	15,445,134	20'51
1901-02 . . .	76,344,525	10,680,048	4,106,294	917,140	118,683	313,936	...	16,136,101	21'13
1902-03 Revised Estimate	76,892,500	11,292,700	4,942,200	1,044,500	81,534	247,500	...	17,608,434	22'90

(a) From this year the conversion has been made at Rs. 15 = £1.

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